



## THE NATION'S LOCAL BUILDER


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COMPANIES HOUSE

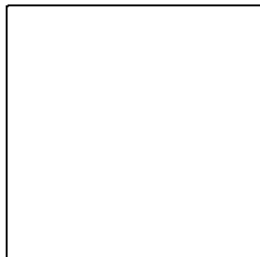
# What we do

Rok aims to be The Nation's Local Builder™

During 2007 we operated from a network of 59 offices in major towns across the UK delivering building, refurbishment and maintenance services by using 5000 directly employed people who live and work in their communities.

## Our services

New build



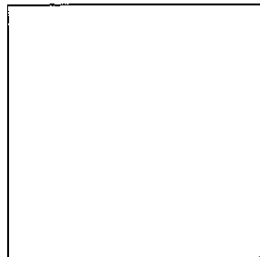
Revenues

£526m

+54%

Greenfield and brownfield  
Specialist sub-contractors  
Project values up to £5m  
Long term framework contracts  
Social housing provider

Planned repairs and refurbishment



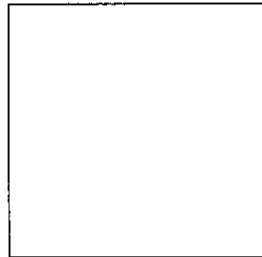
Revenues

£255m

+33%

Experts in occupied premises  
Rok trained technicians  
Decent Homes partner  
Long term framework contracts

Response maintenance



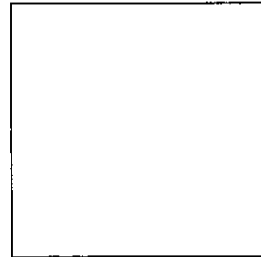
Revenues

£94m

+45%

Urgent and emergency repairs  
Low value high volume transactions  
Rok trained technicians  
Retained by leading insurers

Development



Revenues

£75m

-17%

Small scale low risk commercial and industrial development  
Local knowledge  
Local relationships  
Occupier led approach  
Largely pre-let

# What's inside

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## Corporate social responsibility

A strong sense of our responsibility to others runs through our business with its founding philosophy of supporting the local communities in which our offices are based. Activities demonstrating this commitment can be found throughout the following pages, specifically

- 08-11 Environment
- 12-17 Employment policies
- 18-19 Health and Safety
- 29 Community engagement

# Our strategy

## **MORE OF THE SAME, BUT BETTER!**

Our strategy remains unchanged.

It is to be The Nation's Local Builder™ However, we still have work to do to deliver this consistently in every major town across the UK.

We have captured our strategy in what we call our Success Formula (illustrated opposite) which we believe will set us apart and make us first choice for customers. The formula only works if all the elements are given equal weight. Our future priorities and action plans are aligned to this formula and are set out in more detail in the Business Review.

Each element of the formula is measured through key performance indicators (KPIs), the long term targets for which are also illustrated. Each of our 59 Rok offices is measured monthly for delivery against them

# Our success formula

We are a talent magnet          <b>X</b>	We have fantastic leaders who inspire          <b>X</b>	We love our customers          <b>X</b>	We design our business for the highest margin          <b>X</b>	We are growing the family          <b>X</b>
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**= THE NATION'S LOCAL BUILDER™**

Safety performance <b>10%</b> <small>(improvement every year)</small>	On time delivery <b>100%</b>	Customer delight <b>80%</b>	Operating profit margin <b>5%</b>
Employee retention <b>90%</b>			Cash <b>Profit in cash</b>

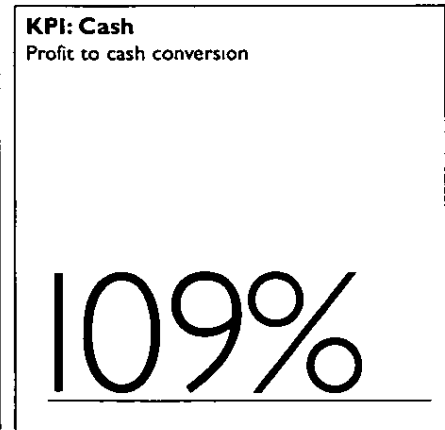
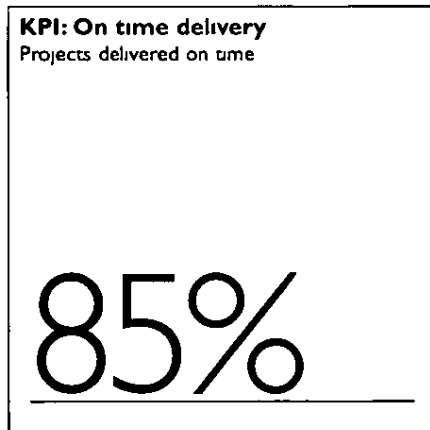
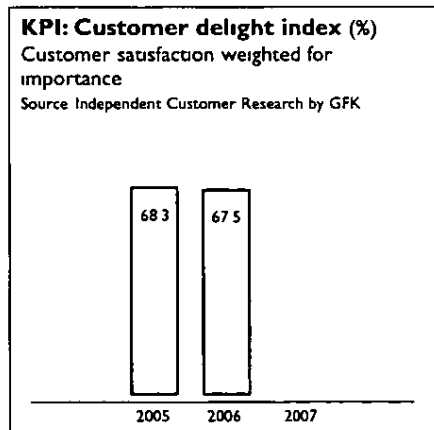
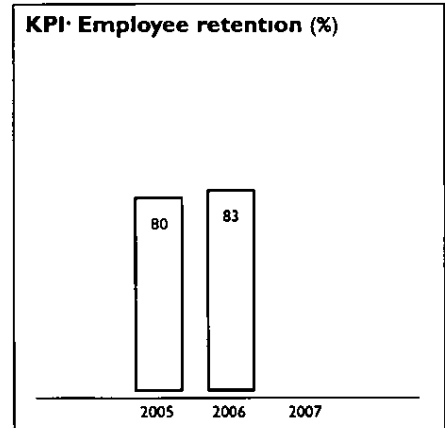
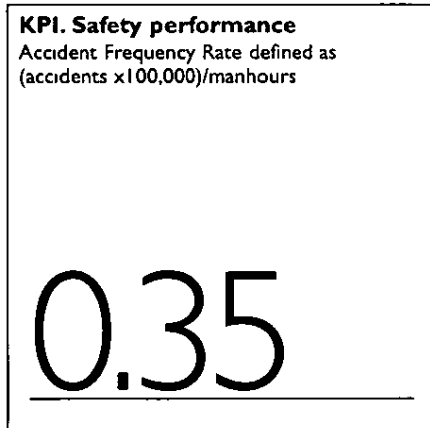
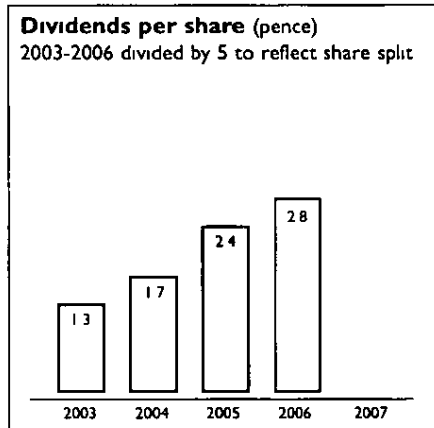
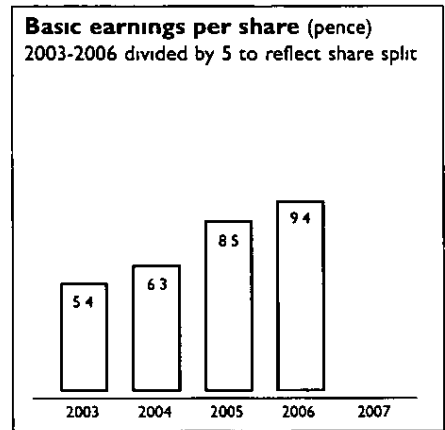
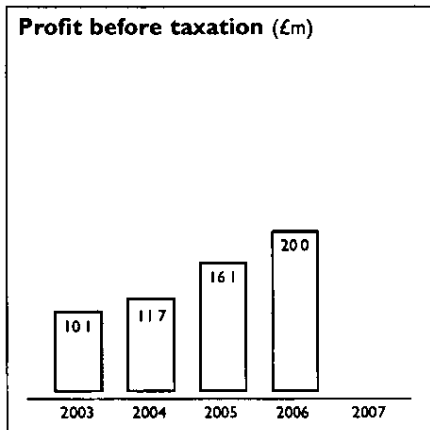
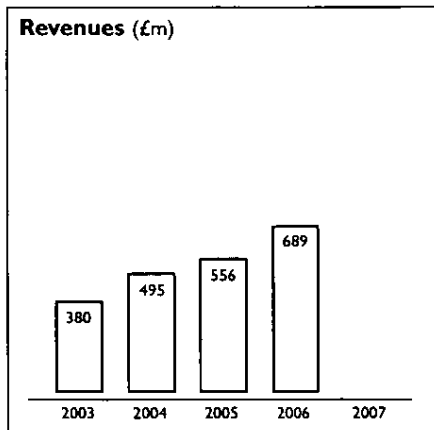
## MEASURED BY OUR KEY PERFORMANCE INDICATORS (KPIs)

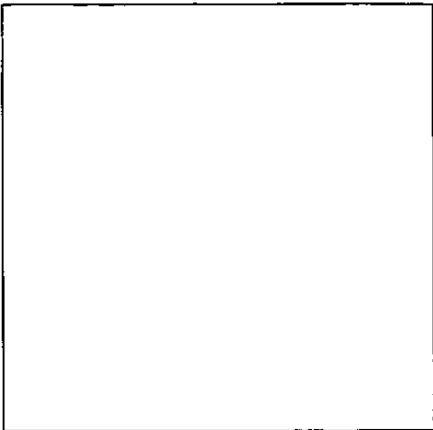
The numbers represent our long term targets

For further details of our strategy in action see the business review pages.

14	■	We are a talent magnet
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# Our performance in 2007





Stephen Pettit  
Chairman

# Chairman's foreword

It is my pleasure to announce that, for the seventh successive year, Rok has achieved a set of record results. These demonstrate that our 'Nation's Local Builder' strategy focused on community based building and maintenance services, is being successfully delivered on a national scale.

These results reflect the demand for our building and maintenance services with revenues for 2007 at £950m, up 38% over 2006, profit before tax of £28.3m, up 42%, and earnings per share at 11.5p, up 21%. The increase in revenue in 2007 is driven strongly by organic growth in our planned repairs and refurbishment and response maintenance businesses and also from acquisitions completed in 2006 and 2007 as we expand our business across the UK. Our confirmed order book remains strong at £610m, up 17% on the prior year, and long term framework contracts now total £1.8bn, up 28% on 2006.

On the strength of these results, the Board is recommending a final dividend for the year of 2.35p per share resulting in a total dividend for the year of 3.40p, an increase of 21% on 2006. If approved, the final dividend will be paid on 9 May 2008 to shareholders on the register at 4 April 2008.

During the year we strengthened the senior management team to support our operations and to ensure that we can scale up for further growth. In addition, we have attracted 1500 of the best people in the industry to Rok through our emphasis on a culture where people feel rewarded, valued and empowered to deliver exceptional levels of customer service. We now employ over 5000 people, over 50% of whom are front-line technicians. The highest priority for the Board is to keep all our people and our sub-contractors safe at work and we are pleased that our efforts have driven a reduction in accident frequency rates of 39%.

In December, David Sutherland resigned as a non-executive director to devote more time to the growth of Tulloch Homes Group plc, which was not acquired by Rok. I would like to thank David for his valuable contribution to the Company.

Despite the strong results, shareholders have seen a downward re-rating of all stocks in our sector and Rok has not been immune from this. If we continue to deliver on our promises to all stakeholders and demonstrate the resilience of our business model, we are confident that this will feed through into the rating and value of your shares.

Much has been made in the media of economic tightening affecting the construction sector in 2008. We believe that in such slow downs, demand increases for our core building and maintenance services as organisations make do and mend rather than replace or move. It is for just such conditions that Rok's unique 'Nation's Local Builder' strategy is designed to excel.

Stephen Pettit  
Chairman  
6 March 2008

Revenue

+38%

Profit

+42%

Earnings per share

+21%

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# Business review

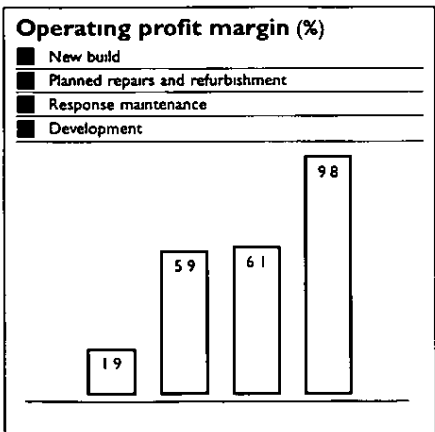
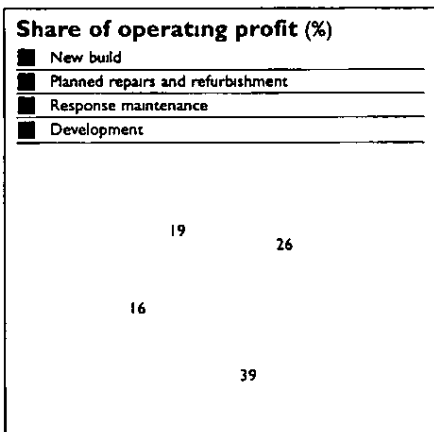
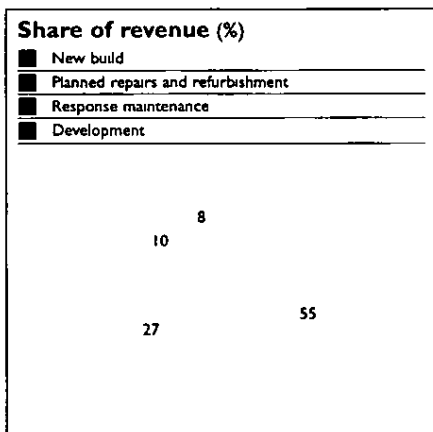
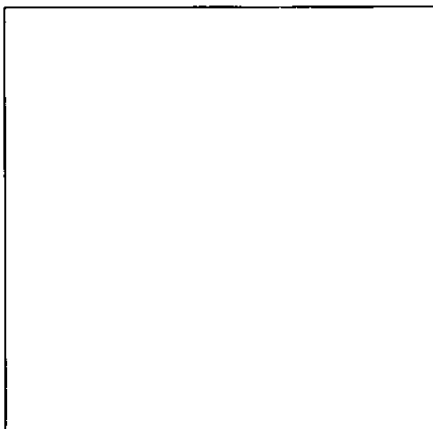
06 Business review Summary of strategic progress

*Our strategy in action*

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38 Looking forward to 2008 and beyond

Garvis Snook  
Chief Executive



OUR LOCALLY  
DELIVERED  
BUSINESS MODEL  
IS THRIVING  
BECAUSE OF THE  
LOW RISK  
NATURE OF ITS  
WORK PROFILE  
AND ITS SPREAD  
ACROSS  
SECTORS AND  
REGIONS.

#### SUMMARY OF STRATEGIC PROGRESS

I am delighted that Rok has produced a seventh successive year of record results in 2007, conclusively proving that our strategy to be The Nation's Local Builder is welcomed by our customers and delivers consistent financial results. Our locally delivered business model is thriving because of the low risk nature of its work profile and its spread across sectors and regions. The demand for local, smaller scale building and maintenance work remains steady, off-setting any temporary slow down for larger scale new build projects. Half of our revenues come from public sector sources, largely in the form of long term framework contracts, providing good visibility of future profit streams.

The robustness of demand for our services is demonstrated by revenue growth in 2007 of 38% to nearly £1bn. These results were driven by a very strong performance in our planned repairs and refurbishment and response maintenance businesses with like for like growth of 30% and 24% respectively. Operating profit margins in our core building and maintenance operations also increased from 3.1% in 2006 to 3.5% in 2007 as we shift our work mix into more profitable business streams. The result was another record profit performance of £28.3m, despite the market challenges faced by our commercial property development business.

Our strategy for becoming The Nation's Local Builder is set out in our Success Formula on page 3. We developed this expression of our strategy in 2006 and our message for 2008 is 'more of the same, but better'. This reflects our desire to stick to a formula that is clearly working, while recognising that we have some way to go to fully deliver our stretching objectives. Our key performance indicators (KPIs) allow us to track where we are on this journey. Each of our 59 businesses reports on a monthly basis against the same six KPIs enabling each local team to measure its own progress.

The opportunity for further growth remains substantial. The overall construction market is worth some £120bn and our target market of smaller scale local building work is estimated at £42bn. Within this market our service is strongly differentiated through our strong national brand delivered through a network of offices embedded in their local communities. As our results over the past seven years have demonstrated, this local relationship-based delivery, combined with national scale and leverage, has great potential for profitable expansion.

In the Business Review that follows, I outline what we are trying to achieve for each strategy, what we have delivered in 2007 and what our focus will be for 2008 and beyond.

#### THE SHAPE OF OUR BUSINESS

Our business currently focuses on four distinct service streams:

##### New build

These are projects with an average value of some £2m and not generally more than £5m in value. New build work represents 55% of total revenue and plays an important role in our business model in creating cash. Differentiation and added value is, however, harder to generate in this type of work which is largely sub-contracted and the relationship with customers is often at arm's length. This results in lower profit margins of 1-2% (2007: 1.9%). As a result, although new build will always be a substantial part of Rok's revenues, we will gradually reduce the proportion of our activities represented by this business stream as our other, higher margin activity grows. This is reflected in a 2007 organic revenue growth of only 4%.

Scale of our target market

£42bn

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**Planned repairs and refurbishment**

This work, which encompasses improvements to existing buildings, increased revenues by 33% over 2006 and now represents 27% of the Group's revenues with an operating margin of 5.9% (up 0.4% points). Typically, this work takes the form of long term framework contracts in the social housing (Decent Homes), education, public building and commercial sectors. Often this work takes place in occupied premises where customer service skills can add significant value and where customers often prefer delivery by Rok-employed technicians. Work is won as much on added value criteria as on price and our teams are now well versed in understanding and responding to the needs of these customers.

**Response maintenance**

This work is small scale, high volume repairs and maintenance delivered largely by directly employed technicians in vans, with key sectors being insurance repairs, social housing and education. Although still only 10% of our business, it has grown rapidly. 2007 has seen 45% revenue growth of which 24% is organic, in particular driven by our biggest customer Zurich Insurance. Operating profits were up significantly (+104%) and operating margins rose to 6.1%.

**Development**

This division focuses on commercial property development based on our excellent local knowledge and relationships. During 2007 a number of successful transactions were completed, although the credit squeeze in late 2007 caused institutional property funds to withdraw temporarily from the market and, as a result, a number of planned disposals fell away. Revenues fell 17% to £75.4m and profits fell 24% to £7.4m. This division represents the smallest segment of our business and only 12% of our pre-tax profits. Our strategy is to continue to reduce our exposure to commercial property development in a market which we believe will be under pressure for a few years.

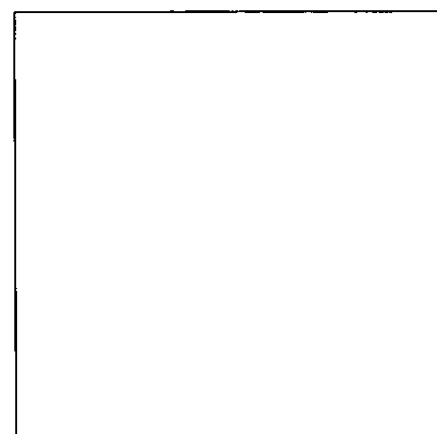
**FUTURE SERVICES**

Looking to the future, we will continue to focus on the first three of the service streams above, increasing the work done in the higher margin areas of repairs and refurbishment and response maintenance. We will endeavour to drive up profit margin in these streams by increasing the proportion of work delivered by our own directly employed technicians. This avoids passing on margin to sub-contractors and increases quality and customer satisfaction. A key route to achieving this is to increase the direct delivery of plumbing, heating and electrical services, which comprise about 20-25% of most building projects and are currently about 90% sub-contracted. Our acquisitions of Corrie (part of Tulloch), EMB and Avonside represent the first steps on this journey.

**ENVIRONMENTAL IMPACT**

Rok is committed to operating in a way that causes as little harm to the environment as possible and preferably has a positive impact. To this end, we have an annual action plan that will help reach targets related to a responsible approach to utility and material consumption, waste, sustainable construction, habitats and communities.

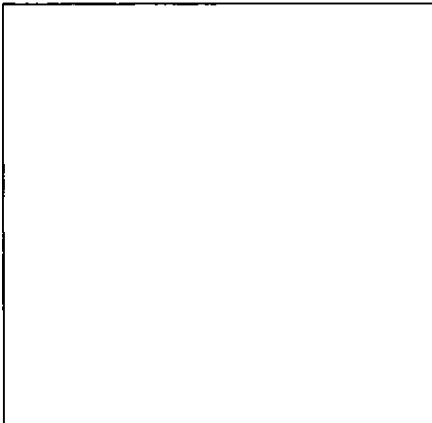
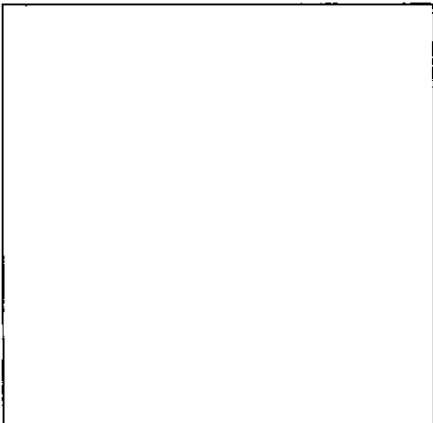
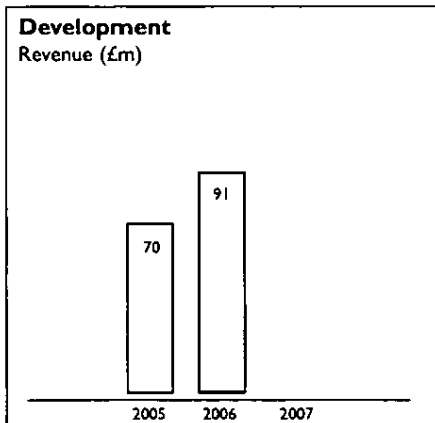
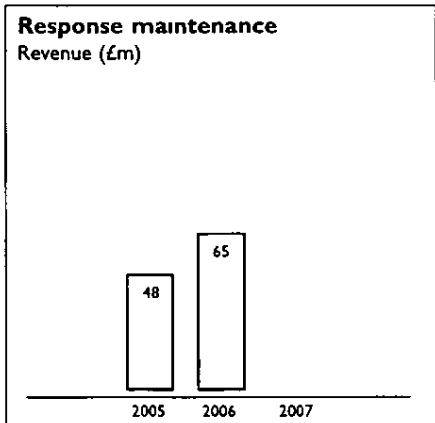
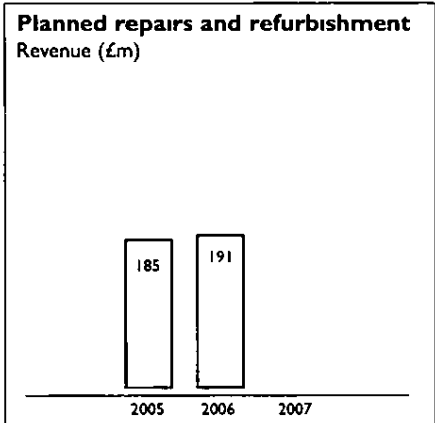
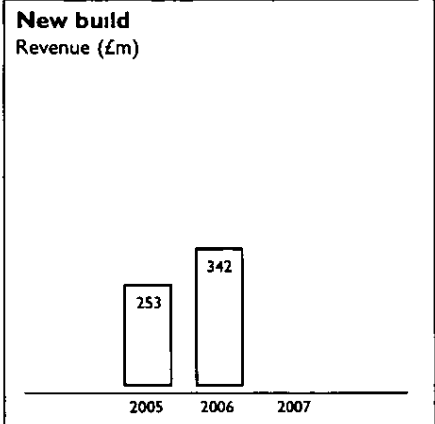
Our commitment to this plan is recognised and supported by our people. In our 2007 People Survey, 68% of them agreed that Rok was 'continually looking for ways to develop environmentally friendly practices'. We have also been listed for the first time in the FTSE4Good Index compiled for people who want to invest in companies which meet recognised standards of behaviour in terms of corporate social responsibility.



**Sustainability**

Five timber frame homes built for Magna Housing in Dorset have been given the highest possible energy efficiency rating recognised by the Building Research Establishment - just one of a number of Rok projects achieving high marks for sustainability.

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**Rok technicians**

The number of directly employed Rok technicians increased by 947 during the year in line with our desire to deliver more of our building and maintenance services using our own people

947

**FTSE4Good index**

Rok has been included in the FTSE4Good index which provides investors with the opportunity to gain exposure to companies that meet recognised corporate social responsibility standards

**Eco standards**

£400

estimated annual cost of gas, electricity and water for an average family in a three bedroom home built by Rok Liverpool to 'excellent' eco standards

**Environment**

3500

trees saved through installing eco-friendly kitchens in homes across Bristol where Rok is working on a programme of planned repairs and improvements

WE ACTIVELY  
SEEK PARTNERS  
WHO CAN  
SHOW THEY  
SHARE OR  
EXCEED OUR  
ENVIRONMENTAL  
AIMS.

Our determination to serve local communities from dedicated local bases means we reduce our fuel consumption and, where meetings between people from different offices are required, we have installed video conferencing facilities which we calculate will save approximately 74 tonnes of CO<sub>2</sub> per year

From the businesses for which we collected data during 2007, we know that around 74% of our non-hazardous site waste has been diverted from landfill (excluding demolition and earthworks data) The creation of a company-wide system for monitoring waste will help us improve on this in 2008 Individuals have also been appointed in offices to champion paper recycling and minimise other waste

Rok's supply chain team has continued to work with the business to ensure it and its sub-contractors use materials, including timber products, which can be traced to sources that are sustainable The creation of a company-wide system for monitoring the purchase of chain of custody approved timber will help us track progress We actively seek partners for contracts who can show they share or exceed our environmental aims such as our kitchen supplier who uses 100% recycled timber for units and avoids unnecessary packaging

Our operational teams have the skills and knowledge to deliver projects that meet the environmental standard of the Building Research Establishment Environmental Assessment Method, Ecohomes and Code for Sustainable Homes They are also trained in environmental best practice and law

We encourage everyone to be involved in environmentally sound initiatives and in 2007 we held a carbon free travel to work day, for which there was a prize for the best alternative method of reaching work, the primary aim being to encourage people to challenge their own energy use Other initiatives included a sustainable construction event attended by more than 100 guests and trials by our technicians to install free smoke detectors and provide water saving devices for toilet cisterns

In 2008 we will continue to improve and intensify our focus on these issues because they are critically important to the wider community as well as to our own people and our business success Our focus in particular will be on

- ★ Measuring and reducing our carbon footprint, especially through our fleet and company car policy, and the use of video conferencing
- ★ Improving our management of site waste
- ★ Timber sourcing
- ★ Supporting our customers to incorporate environmentally positive innovation into our social housing new build and refurbishment programmes

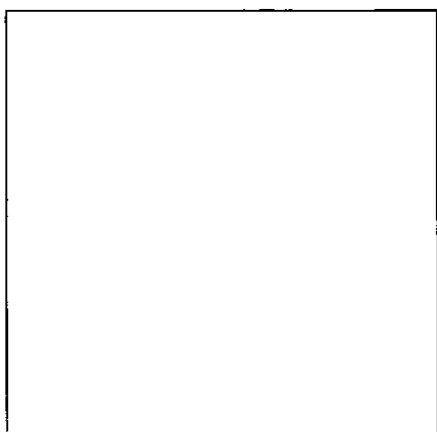
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# A year in view

## £14m

Rok opened an office in Macclesfield after securing a £14m framework agreement to replace kitchens and bathrooms in 6000 homes over four years

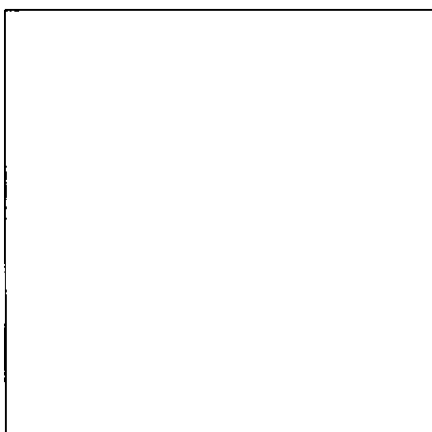
## january



## 6

Milton Keynes was one of six offices to win business awards in their local communities

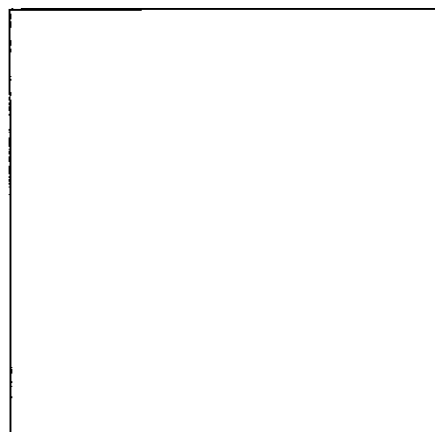
## february



## 6

Liverpool received the keys of the door as one of six Rok offices to use our exciting and space efficient branded workplace design

## march



## july

## 5

Donald Mackenzie was one of five MDs appointed to lead our new regional bands, the others were Kevin Brush, Martin Donnachie, George Fraser and Keith Watson

## august

## 7

S Harrison Construction was one of seven acquisitions, which also included Aquilo Inspection & Reinstatement Services (AIRS), Avonside Services Group, EMB Services and SOL Construction

## september

## 200

More than 200 Rok Scotland apprentices attended the awards ceremony in Inverness

**15**

Rok was awarded the Order of Distinction by RoSPA for Occupational Health and Safety having gained 15 consecutive Gold Awards

april

**3**

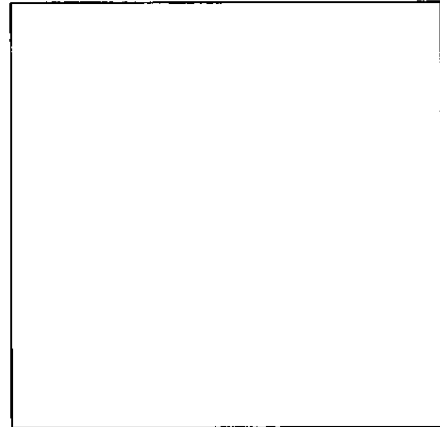
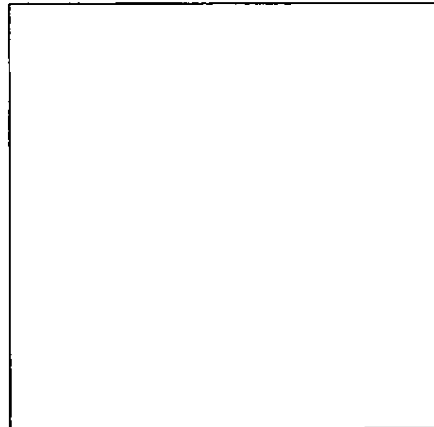
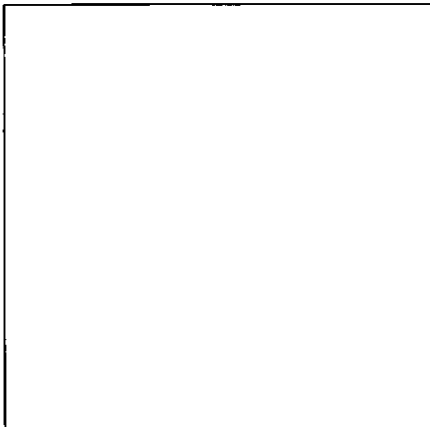
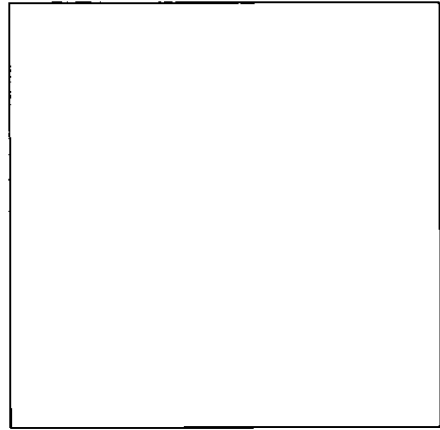
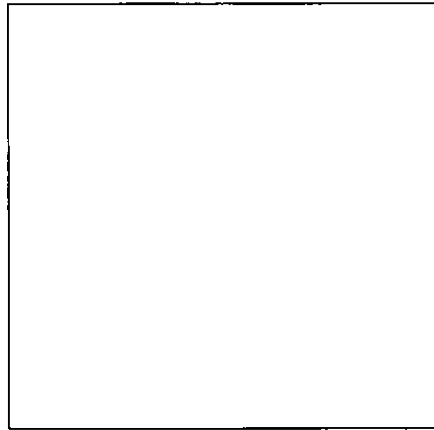
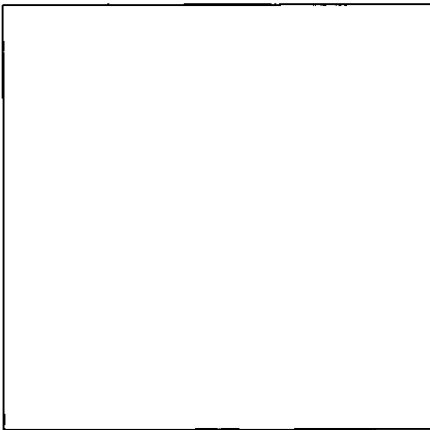
Plymouth office worked with Business in the Community to help prisoners and the homeless. It also completed three community challenges in one weekend

may

**£11,000**

Wakefield office raised £11,000 for local charity from a Four Peak Challenge and Dragon Boat Race

june



october

**3**

Three liveried buses completed a tour of Rok offices giving training on the company's new intranet.

november

**2**

Rok was the only company to win two accolades at the National Training Awards

december

**18**

Rok celebrated 18 months at the top of the league table for work won in the social housing sector (Source Contract Journal)

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# We are a talent magnet

## OUR STRATEGY

The basis of Rok's business philosophy since its inception has been that by attracting, retaining and developing the best people, we will provide superior customer service and, through this, greater value for our stakeholders. We operate in a large, growing market with notorious skill shortages and to succeed we must offer a culture, remuneration options, a health and safety record and career opportunities which can attract and retain the people we need to achieve our business objectives.

Most building and construction companies use sub-contractors for the majority of their operations because they believe that this minimises fixed costs and increases flexibility. Our ambition is to differentiate ourselves by becoming a customer relationship driven service business. Directly employing and training our own technicians to deliver to our quality standards is key to achieving this, particularly for business sectors such as social housing, insurance repairs, education and health care, where

we are frequently working in occupied premises and have close interaction with our customers and end users. In addition to improving margins through higher customer satisfaction and retention, direct delivery also retains margin which would otherwise be passed on to sub-contractors.

<p><b>2007 delivery</b></p> <ul style="list-style-type: none"> <li>&gt; Focus on health and safety in 2007 has resulted in a significantly reduced accident frequency rate</li> <li>&gt; Directly employed technicians have increased from 1700 in 2006 to 2700 in 2007</li> <li>&gt; Technicians comprise 54% of our workforce</li> <li>&gt; A record 78% of our employees responded to our annual People Survey this year</li> </ul>
<p><b>2008 and beyond</b></p> <ul style="list-style-type: none"> <li>&gt; Reduce 2008 accident frequency rate by a further 10%</li> <li>&gt; Flexible benefits tailored to individual choice to enhance our industry-leading employment terms will be introduced in April 2008</li> <li>&gt; Focus on developing a customer service culture through our Taste of Rok induction programme, leadership development and our acquisition integration programmes</li> <li>&gt; Grow our technician base through apprentice development</li> </ul>

### How we measure success

**KPI:**

#### SAFETY PERFORMANCE

Target 10% improvement every year

Accident frequency rate is defined as (accidents x 100,000)/manhours

2006 Accident frequency rate 0.57

2007 Accident frequency rate 0.35

2007: **39%**  
improvement

#### EMPLOYEE RETENTION

Target 90% of our employees retained

2006 83%

2007: **85%**  
of our employees retained during the year

**OUR STRATEGY IN ACTION**

**Recruitment and induction**

During 2007 we welcomed 1500 new employees to Rok and we expect to continue this trend in 2008. We have focused on creating consistent recruitment processes across our 59 offices and on coaching our teams in them. By improving recruitment techniques we bring the right people into Rok and reduce turnover. We are proud that our turnover rate at around 15% is about half of the industry average and that the benefits can be quantified in terms of both value added to the businesses and costs saved.

Finding and attracting skilled trades people is a particular challenge for everyone in the construction industry. Our business model, based on local building teams living and working in their own communities, is appealing because it enables employees to be close to home and reduces the need to travel long distances to sites. In addition, our technicians have greater independence and autonomy without the burden of administration which is so often the downfall of smaller building firms. Our local teams have adopted many innovative ways of identifying and attracting trades people, such as open days, projects and activities with schools and colleges and recruitment bounties for employees who recommend successful candidates. Among the more unusual initiatives was teaming up with the Scottish Professional Footballers' Association to target players who had reached the end of their careers in the game and were looking for a new start.

All new recruits attend a three day residential induction programme called 'Taste of Rok' delivered by Rok colleagues to help them to understand Rok's business objectives and culture and how they can play their part in its success. This is followed by an extended induction into their local businesses.

**Reward and benefits**

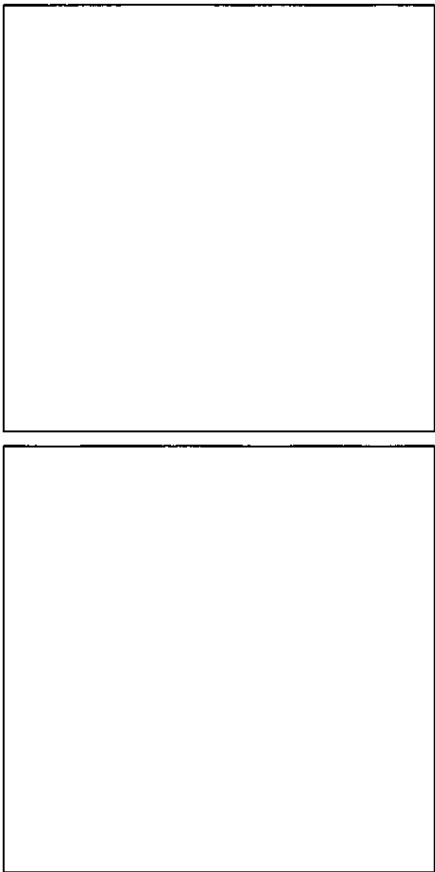
Rok has always prided itself on having an industry leading rewards and benefits package, distinguished in particular by its equality for technicians. Unusually for the construction sector, all employees on Rok employment contracts, regardless of role, have monthly salaries, a common pension scheme, sick pay, the same holiday entitlement, access to share ownership and a private health plan.

The way we reward people for their endeavours is shaped by four key objectives: continually to strengthen and improve our pay and benefits, to increase people's awareness of their entitlements, to gear pay policies in a way that encourages high performance and to generate value for money.

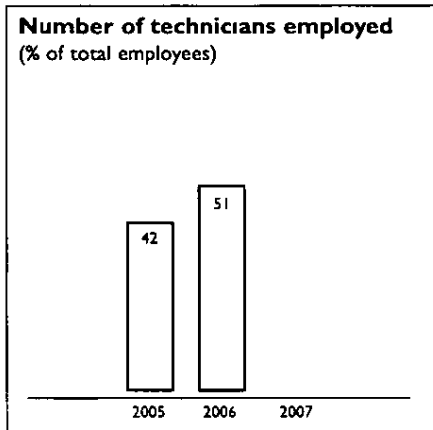
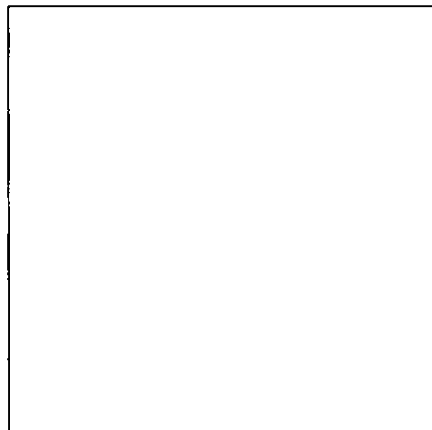
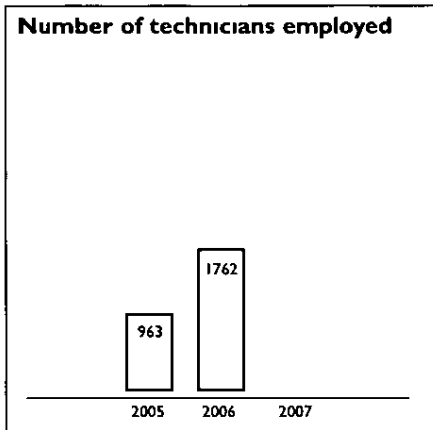
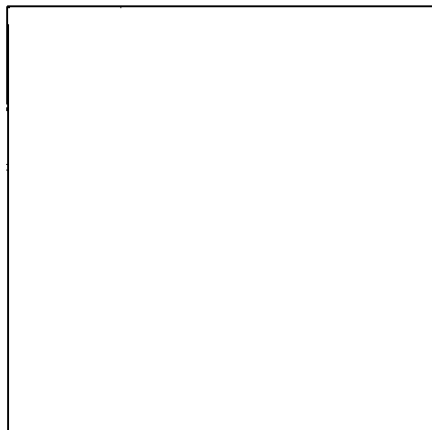
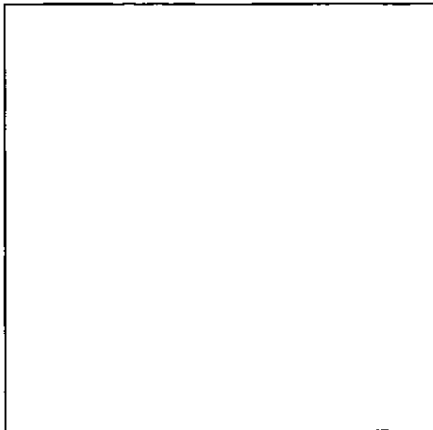
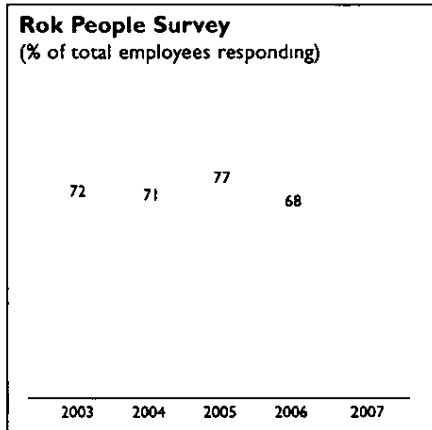
The framework which now underpins these objectives is RokPay+, a programme of flexible benefits which can be tailored by individuals to fit their personal preferences. Launched in late 2007, the online system allows employees to access a total reward statement. This lists each element of pay and benefit entitlement, along with its cash value. In 2008 the next phase will be rolled out, giving people the ability to tailor their benefit choices to match their own individual lifestyles. RokPay+ started with extensive employee consultation and this will continue over the coming months and years.

**Training and development**

Rok's aspirations to become truly service orientated are ambitious and we need to support our people by giving them the skills and capabilities to achieve this goal. The need to balance training with the day to day operational delivery of the business as we grow requires a steady and determined approach. In 2007 training continued to reflect health and safety as our most important and fundamental commitment to our



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**2007 Rok People Survey**

**89%**  
of employees know what is expected of them at work

**87%**  
of employees understand what the phrase 'The Nation's Local Builder' means

**Training and development**

Rok has a record 217 apprentices in Scotland

Rok provided an average of 3 days off-the-job training per employee (excluding apprentices and other people at college)

916 new employees attended Taste of Rok with an average of 54 people on each programme

workforce and the public. During 2007 we devised The Rok Way which is an on-line tool setting out all the systems and processes needed to run a local Rok business. This was rolled out during the second half of 2007 and every employee was involved in workshops to ensure he or she understood the relevant sections.

Access to the The Rok Way is via the Company's intranet, Roknet, which was relaunched and introduced to our people using a highly original vehicle, literally Three buses, converted into mobile IT suites and in full Rok livery, embarked on a nationwide six-week tour of our offices, taking computer training equipment directly to thousands of employees. Roknet includes pages where colleagues can post news and views and share best practice. All users can personalise pages to suit their own roles in the business.

We are particularly proud of our established apprentice programmes and, in our Scottish business alone, we have more than 200 people enrolled. Over the next three years, developing this programme further and delivering it more consistently across all our regions is a priority and clearly fundamental to our aim of providing the majority of our services using our own, home grown, expertise.

**National recognition**

In 2007 Rok gained two National Training Awards, the UK's highest accolades for training and development. The only company to collect two awards, we were presented with one for our work with culture change experts CragRats and the other for our collaboration with training company Cordie. CragRats used theatrical performance and interactive workshops in Rok's North West based businesses to reinforce messages on health and safety which led to a near 90 per cent cut in the accident frequency rate across the region. Cordie worked with members of Rok's supply chain team to develop practices which have brought cost savings and improved performance.

**Involving and listening to our people**

The Rok culture values the contribution of each individual and encourages involvement and leadership at all levels. We have developed a number of formal methods to promote contribution and communication across our dispersed businesses. Every month we run an 'Ask Garvis' forum on our intranet through which any employee can ask me any question to which I respond personally. Our Citizens' Forum is made up of representatives from every business and meets with our senior business leaders at regional and national level to facilitate constructive two way communication. The leader of the Citizens' Forum meets our Board twice a year. The Forum manages our annual People Survey and some of the results can be seen opposite. We have been told that the level of response received in this survey is exceptional for this type of employee engagement. Every year the results of this survey form the backbone of our plans for our future people policies.

**Keeping people engaged**

Rok's business model of small working teams with strong leadership is conducive to making people feel valued and able to make a contribution to the success of the business. Our People Surveys in the past have indicated that the pride people take in their work, the way they interact with their colleagues and the opportunities for development are as important as the financial rewards they receive. We encourage people to seek new opportunities within Rok and in the wider community to develop their skills and career potential.

WE BELIEVE OUR INNOVATIVE APPROACH DEMONSTRATES OUR COMMITMENT TO TRAINING OUR PEOPLE AND OUR DESIRE TO MAKE THAT TRAINING ENGAGING AND ENJOYABLE.

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# Health & Safety

## Keeping people safe

Quite apart from the fact that no one ever wants to hear of an accident in the workplace, we know from experience that safe working environments are also likely to be tidy, efficient and profitable

In 2007 Rok received the Order of Distinction, one of the highest awards bestowed by the Royal Society for the Prevention of Accidents (RoSPA) for Occupational Health and Safety Whilst proud of this achievement, we recognise we have a long way to go before Rok is the safest place to work in its sector We have to ensure the good practices highlighted by the award are observed at all levels and in all regions

To this end, Safety, Health & Environment (SHE) is the first item on the agenda of every team meeting and the industry standard accident frequency rate is one of the measures against which all our offices are judged Across Rok as a whole, the accident frequency rate has fallen and by the end of last year, it stood at 0.35 accidents for every 100,000 hours worked This was down from 0.57 in 2006 and beat the target we had set ourselves of 0.45 We have made a commitment to achieve in 2008 a minimum improvement of 10% on the 2007 rate

In addition Rok has committed to obtaining external certification under the British Safety Council Five Star Audit during 2008 and aims to achieve 'Five Star' status in all areas of our business by December 2010

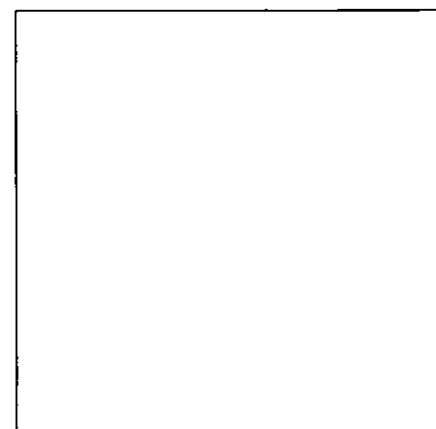
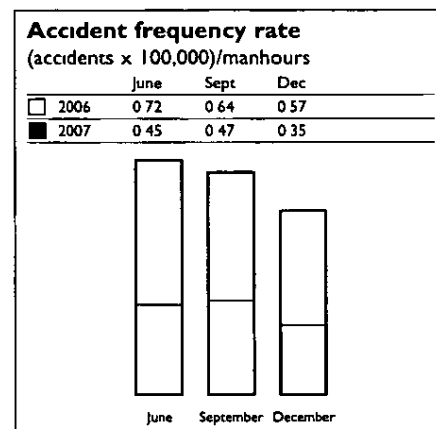
## Continuous improvement

A major reason for the improvement in Rok's safety performance during 2007 was the decision to bring the necessary expertise in-house We now have 25 SHE specialists working with our local businesses to establish and monitor the highest levels of care for our own people, the public and our neighbourhoods This has led to workplace inspections being more consistent, objective and effective We now also design and deliver much of the associated training ourselves and, where we use outside help, look for innovative and engaging techniques

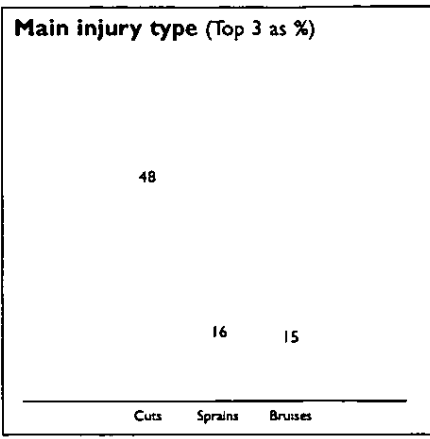
Thanks to the hard work of our SHE Director and his team, all incidents that occurred in the course of 2007 were satisfactorily closed by the end of the year, meaning that any remedial steps needed as a result of incident reports were taken

As with all Rok's essential business processes, SHE guidelines are on the Company intranet as part of The Rok Way and readily accessible to everyone Under the slogan, 'One Accident - Too Many', there are regular updates and campaigns There is a comprehensive SHE library and a section to help offices with their submissions for contracts which ensures consistency across the Group Accident statistics are on the front page of the intranet and local targets are displayed on office notice boards

One area that has caused the Company problems in the past is the use of sub-contractors who might not share our own rigorous standards The SHE team has worked with their supply chain colleagues to restrict the use of sub-contractors to those demonstrating the required competencies There is also a confidential helpline available to any employee who feels he or she is being asked to do something that might be considered unsafe or who believes a sub-contractor is using methods that pose a threat to safety



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**Site inspections**

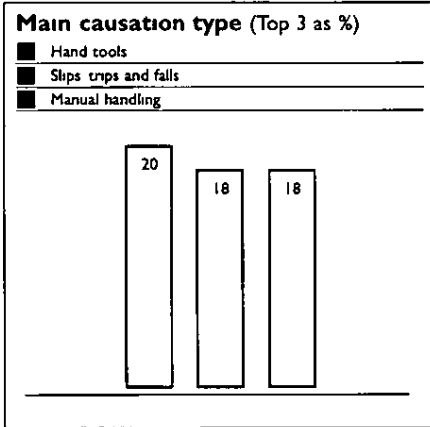
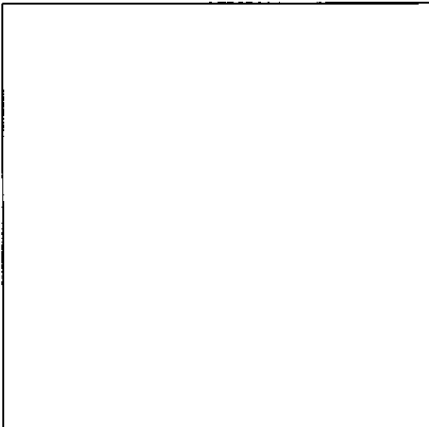
The Band Managing Directors undertake a minimum of two site safety, health and environment inspections a month

This form of visible leadership and commitment supports the Company's overall drive for improvement.

**Commitment statements**

Each band has compiled a safety, health and environmental commitment statement to outline how the Group strategy will be delivered

These commitment statements form the basis for the implementation and communication of SHE strategy to the workforce



**Five star audit**

Rok is committed to obtaining external certification to the British Safety Council Five Star Audit during 2008

We aspire to achieve '5 Star' status in all areas of our business by December 2010

# We have fantastic leaders who inspire

## OUR STRATEGY

This strategy sets a high benchmark for all our leaders whatever their role in Rok. In particular it reflects our conviction that our area and team leaders, who head each of our 59 local businesses and the business streams within them, are the linchpin of Rok's success. They are responsible for local customer relationships and new business, health and safety, the motivation and morale of their teams, delivering projects on time and to the right quality and, of course, the profitability of their business.

One of our main areas of focus during 2007 has been putting in place the remuneration, performance measures, recruitment, personal development and line management support for these leaders. We have made good progress and are now confident that we have the right infrastructure to enable them to produce great results for the business and to prepare us for our next phase of growth.

Also new in 2007 was a move to five regions or Bands, each with

their own managing directors, bringing responsibility closer to our customers. These managing directors, together with the Plc Executive team, the Response Maintenance Managing Director and functional leaders, form a resourceful leadership team responsible for implementing strategic decisions.

<p><b>2007 delivery</b></p> <ul style="list-style-type: none"> <li>&gt; Five experienced regional managing directors appointed to support and coach local area leaders</li> <li>&gt; KPIs for local businesses in place</li> <li>&gt; All leaders strongly incentivised against KPI targets</li> <li>&gt; Key appointments in information systems and Response Maintenance made to drive future growth</li> </ul>
<p><b>2008 and beyond</b></p> <ul style="list-style-type: none"> <li>&gt; Ensure all leaders understand and can effectively communicate and lead the delivery of the Rok culture and business model</li> <li>&gt; Create development programmes and succession planning for senior leaders through to front-line leaders</li> <li>&gt; Continue to improve programmes to integrate leaders of acquired businesses</li> <li>&gt; Effective succession planning</li> </ul>

### How we measure success

#### KPI:

Our area leaders and their team leaders are measured on their performance against all six of our KPIs. This ensures that they pay balanced attention to all aspects of their business and are incentivised to focus on longer term performance as well as the next month's results. These KPIs are reported monthly on a red, amber, green system and reviewed by the Board.

One of the lead indicators for all measures of performance is 'On time delivery'. Work which is delivered on programme is well planned with high attention to detail and with good relationships in place with all stakeholders. These projects have good safety records, contented employees and suppliers, satisfied customers and as a result meet profit and cash targets.

### ON TIME DELIVERY

Target 100%

2006 On time delivery not measured for Rok as whole

2007: **85%**  
of projects delivered on time

PEOPLE CAN SEE WITH ABSOLUTE CLARITY, WHAT SUCCESS LOOKS LIKE, HOW IT CAN BE ACHIEVED AND MOST IMPORTANTLY THE INFLUENCE THEY CAN HAVE ON PERFORMANCE.

**OUR STRATEGY IN ACTION**

**Consistent delivery**

The biggest challenge that Rok faces as a result of its high levels of acquisitive and organic growth is to ensure that each of our businesses delivers the Rok service to a consistently high standard. This means that our leaders and their teams have to reflect the Rok culture and understand and deliver key processes.

To promote best practice, we have developed and rolled out a web based guide located on our intranet called The Rok Way. It divides all our processes, templates and information sources into four main categories: People, Customers, Operational Delivery and Finance. By the end of March 2008, all Rok employees will have attended workshops on The Rok Way tailored to their job roles and delivered by their regional leaders. Everything they need to do their jobs excellently is now available to them at the touch of a button. Those who do not have on-line access, can access information from their site office or local Rok Centre.

**Preparing for further growth**

Rok's 2007 turnover was close to £1bn and, as we continue to roll out our business model, we would expect that to double within five years. In anticipation, during 2007 we invested in a number of key management roles and designed our organisational structure to prepare us for that growth.

We split the business into five regions or 'Rok Bands', each run by an experienced Managing Director with all the key support functions reporting through the Band. This enables us to run the business closer to the front line and will result in more consistent operational and financial delivery. We also invested in ensuring the pivotal area leader roles were filled by individuals with the right capability, attitudes and experience.

In addition, we made a few key national appointments including a Response Maintenance Managing Director to lead the development of our strategically critical maintenance business, working with the Band Managing Directors to ensure consistent development and delivery for our national customers. Our new Chief Information Officer will lead the development of our systems infrastructure to improve efficiency, productivity and information flow.

**Leadership in action**

The introduction of the six KPIs for each business (see page 20) has helped the leaders share with their teams what needs to be done to reach these goals and why this is important. Noticeboards and display screens record progress and regular team meetings are held to discuss ways of improving scores. For the first time, people can see with absolute clarity, what success looks like, how it can be achieved and most importantly the influence they can have on performance. The Northern Band has several offices which were amongst the first to achieve all their KPIs. Here, they began with a concerted effort to ensure that the local leaders knew what was required. This was shared with everyone and suggestions invited for ways of improving scores. For example, when types of site accidents were analysed locally, it revealed that they were dominated by minor injuries to hands. A trial was initiated which has now led to a mandatory glove policy across the business.

A characteristic of effective leadership is a willingness to make the time to ensure, directly or through others, that all members of a team can see how their performance can bring rewards for them and their colleagues. Good leaders learn from others and an advantage of Rok's structure is that there are plenty of successful teams happy to share best practice.

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# Our leadership team

In preparation for Rok's continued growth our leadership team has been strengthened with talent from both inside and outside the Company. Our Band Managing Directors are responsible for the day to day leadership of our local teams to deliver customer service and profit targets. Our functional leaders have a national remit for the strategic direction and development of best practice processes to ensure consistency and to drive economies of scale. This team is collectively involved in all major decisions affecting the development of Rok.

**Leadership development and succession planning**

A common weakness among even the most experienced leaders is the failure to identify and cultivate their successors. So important to Rok's success is the leadership role that we cannot leave the process of replacing those who retire or move on to chance. We ask all teams to hold succession planning meetings and our employee appraisal process is designed to identify people with leadership potential.

# CANDIDATES FROM PAST COURSES ARE NOW IN AREA LEADER ROLES WITH SOME OF THEM TAKING ON THE CONSIDERABLE CHALLENGE OF STARTING NEW ROK BUSINESSES.

Since Rok values certain attributes in its leaders above a set of skills or competencies, it is vital to get to know our people well, discover their strengths and build upon them. Whilst we do have a suite of courses designed to assist current and would be leaders, we also invest time in individual coaching and mentoring to make the most of those specific strengths that have brought the candidates to our attention in the first place. Wherever possible links from the courses are made to practical elements of the day job' so that learning is continuous.

In 2007 11 people were enrolled on a High Potential Programme. Nine completed the course and will give presentations back to the regions which sponsored them. A number of candidates from past courses are now in area leader roles with some of them taking on the considerable challenge of starting new Rok businesses from scratch. The rate of growth and pace of change at Rok attracts people keen to find a company that will have the scope to offer such challenges.

1 2 3 4 5 6 7 8 9 10 11 12 13 14

**1 Martin Donachie**  
Managing Director  
North

**2 Rob Olorenshaw**  
People Director

**3 George Fraser**  
Managing Director  
Scotland

**4 Kevin Willetts**  
Customer Director

**5 Mike Perry**  
Rok Way Director

**6 Kevin Brush**  
Managing Director  
London and South East

**7 Nigel Lemmon**  
Response Maintenance Director

**8 Claire Hamon**  
Chief Information Officer

**9 Garvis Snook**  
Chief Executive

**10 John Samuel**  
Operations Director

**11 Donald Mackenzie**  
Managing Director  
South West

**12 Ashley Martin**  
Finance Director

**13 Keith Watson**  
Managing Director  
Central

**14 Jane Gibbs**  
Procurement and  
Supply Chain Director

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# We love our customers

## OUR STRATEGY

The construction industry in general has a poor reputation for customer service, often because of a focus on individual projects rather than long term customer relationships. At Rok we seek to differentiate ourselves through our conviction that good customer service means not just completing projects on time, to budget and to the agreed quality but also providing a positive experience throughout the process. Customers tell us that the most important factors in achieving this are open, honest communication at all stages,

accessibility and continuity of Rok personnel, effective resolution of difficulties and keeping our promises. Recruiting people with the right attitudes and skills and encouraging them to think for themselves are key to meeting these needs.

Our business model, where our services are delivered by people who live and work locally, engenders a sense of pride, accountability and responsibility for the work they do. This means our offices can rely on long term relationships for future work.

Almost 45% of our current activity is covered by long term contracts, known as framework agreements, which provide us with work over a three to five year period. Most of these are in the social housing, education and public sector as well as the commercial sector where national customers such as leading insurance companies require local delivery with UK-wide coverage.

<p><b>2007 delivery</b></p> <ul style="list-style-type: none"> <li>&gt; £780m of long term framework agreements secured in 2007 bringing the total to £1.8bn</li> <li>&gt; Organic growth of over 9% during 2007</li> <li>&gt; Response maintenance sales growth of 45%</li> <li>&gt; Top of league table for value of social housing work won (Source: Contract Journal)</li> </ul>
<p><b>2008 and beyond</b></p> <ul style="list-style-type: none"> <li>&gt; Confirmed order book stands at £610m</li> <li>&gt; Some 70% of response maintenance revenues expected to be from major insurance customers</li> <li>&gt; Rok Home of Choice will provide tailored, high quality new build homes to the affordable housing sector with cost certainty</li> <li>&gt; New, unique insurance repairs service in development which combines an independent claims handling and scoping service with Rok's established directly delivered repairs offering</li> </ul>

### How we measure success

**KPI:**

#### CUSTOMER DELIGHT INDEX

Target 80%

Customer satisfaction weighted for importance  
(Source: Independent Customer Research by GfK)

2006 67.5%

2007: 71%

**OUR STRATEGY IN ACTION**

**Our target market**

The portion of the UK construction market targeted by Rok, namely the lower risk, smaller scale projects best suited to a local, community based builder, is estimated as being worth £42bn (See graph on page 27) We avoid large scale, higher risk projects such as major commercial construction and infrastructure projects over £5m in value Since our total turnover in 2007 of £875m in our building and maintenance business gives us a market share of just over 2%, there is clearly much national growth potential

**Market outlook**

Based on the latest available forecasts (Regional Construction Research December 2007), the construction market, both in terms of output and new business, was still showing growth at the end of 2007, but at a slower rate than previously At this time, despite the slowing economic growth, there is no tangible indication of a significant downturn in overall construction activity, with the exception of private housing However, levels of uncertainty are high and it is felt that this will have a further significant trickle down effect, especially in the private housing, private commercial and private industrial sectors. Forecasts to 2010 continue to indicate growth in public housing, public non-residential and the repairs and maintenance sectors (See graphs on page 27)

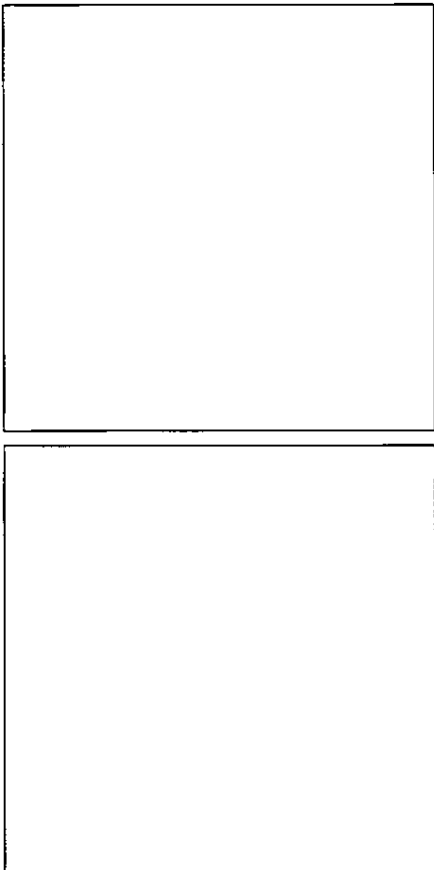
Despite this background of uncertainty, Rok is better positioned than many in its sector to succeed We have no exposure to the private housing sector and very little to infrastructure Our activity in the private commercial sector is limited to locally based, small scale office and retail developments and is as much focused on refurbishment as on new build About 50% of our revenues come from the public sector, principally from social housing and education and much of this is already secured through long term framework contracts Again, this work is a balance between refurbishment and new build Finally, Rok's fastest growing and highest margin workstreams are repairs and refurbishment and response maintenance, which are much less susceptible to economic downturn

**OUR KEY SECTORS**

**Social housing**

The social housing market is large and stable, with the number of housing units managed by social landlords expected to remain at 5.3m, of which 40% are in three densely populated regions London, the North West and Scotland The Government led initiative to bring the housing stock up to a minimum standard (Decent Homes) is nearing completion in England and Wales but has slipped from 2010 to 2012 However, Scotland is several years behind this programme In England and Wales expenditure will be sustained by the ongoing need for repairs and maintenance and the total UK market is expected to level off at £12bn per annum (See graph on page 27) In addition, the Government has re-stated its commitment to affordable housing pledging to build three million new homes by 2020

The 200 largest social landlords now own 75% of England's public housing stock and the market is likely to consolidate further to drive efficient procurement. This makes Rok's established long term relationships and reputation with key players in all regions even more valuable Customers such as housing associations and local authorities provided about one third of our 2007 revenue from work ranging from new building projects and refurbishment to general repairs and maintenance During the year, Rok won more new work in this sector than any of its competitors, consolidating its reputation as the UK's provider of choice (Source Contract Journal) Almost all our work is won through long term contracts known as framework agreements which provide a succession of



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projects over a three to five year period, giving us stability and visibility of revenues

Whilst these long term agreements afford us the security to plan and resource our work efficiently, we never take them for granted They are reviewed regularly and we believe that our customers stay with us because of our commitment to what matters to them Rok's style of inclusiveness has gone a long way to remove the feeling of 'them and us' that once typified many relationships between customer and supplier in our industry We have endeavoured to create a one team response to our customers' requirements and in the way we work with them to help them meet their objectives Rather than have one set of people who seek work opportunities and another set who deliver them, we operate as a whole team Everyone from area leader to apprentice knows the importance of good service because we use customer satisfaction targets to monitor our performance

By putting ourselves in the shoes of our customers, we have a better understanding of their goals and use this knowledge to make ourselves the natural choice as a partner We have worked alongside many housing providers to discover what makes a difference to their residents

#### Education

Government forecasts show expenditure on schools, colleges and universities rising to nearly £10bn by 2010/11 (See graph on page 27) The Government's efficiency agenda and the work of the Regional Centres of Excellence are resulting in an increase in interest in regional building frameworks from local authorities Rok is in an excellent position to exploit these opportunities with recent framework awards in pilot programmes in the South East and East of England

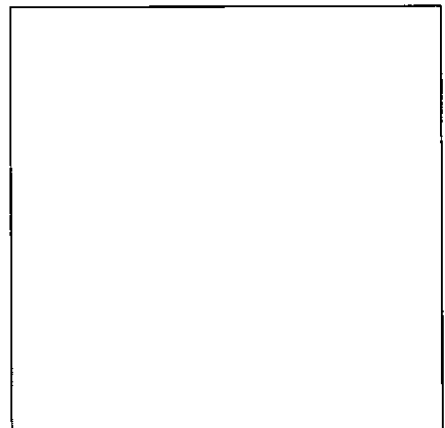
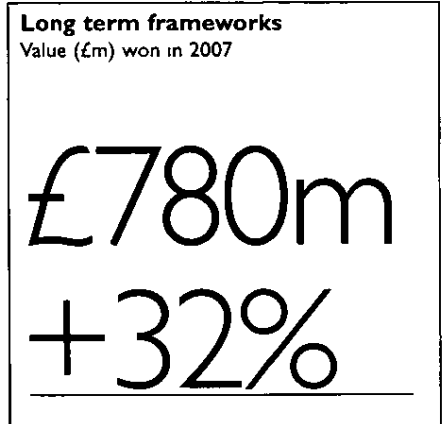
Although about two thirds of the education market is large scale, nationally driven expenditure such as Building Schools for the Future, over £2.3bn is devolved to local schools for general building, repairs and maintenance projects (See graph on page 27)

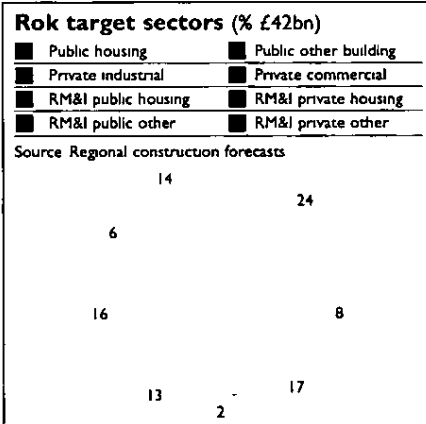
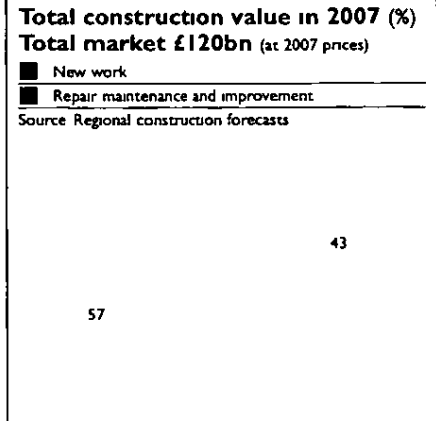
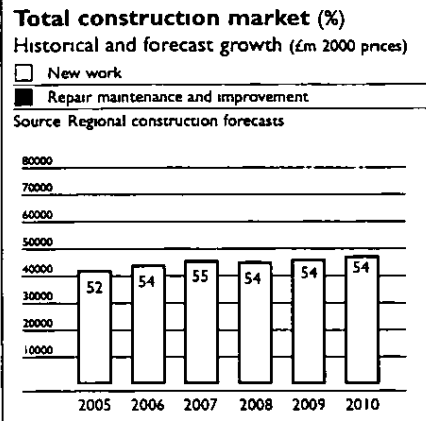
This is our target market and our excellent local community relationships make us the obvious choice to carry out the work Rok has a long tradition of participating in a range of educational activities from careers fairs to site visits and assisting with the delivery of vocational courses at schools and colleges By listening to what teachers and pupils want as well as to local authorities, Rok has gained a reputation for working safely and efficiently in occupied premises and providing first class facilities fully appreciated by their users Such competence comes from spending time understanding how these institutions work

2007 has seen a dedicated focus on this sector which has resulted in Rok winning nine major new education framework contracts resulting in revenues in this sector of £124m (38% up on 2006)

#### Commercial

Our engagement with local businesses through our individual offices brings us a range of opportunities in the commercial sector where we concentrate on offices, airports, retail outlets and leisure venues In addition, an increasing number of nationally based customers value our ability to provide services at both local and national level in line with their own regional structures

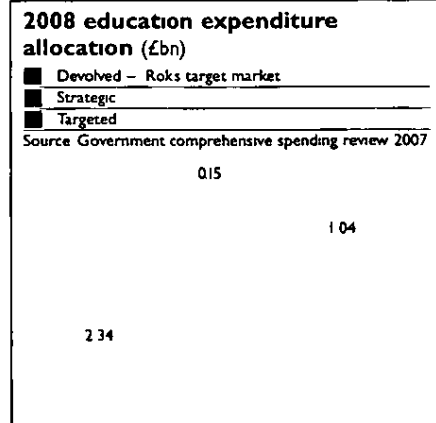
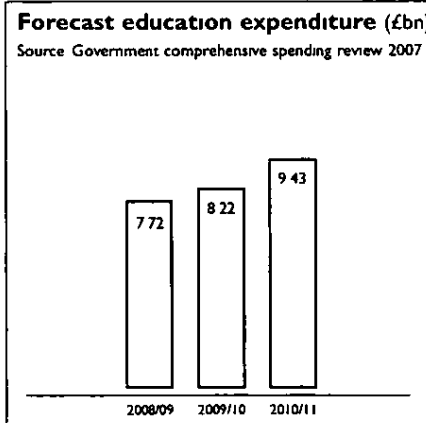
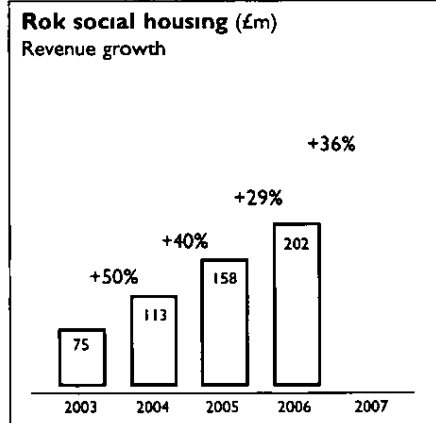
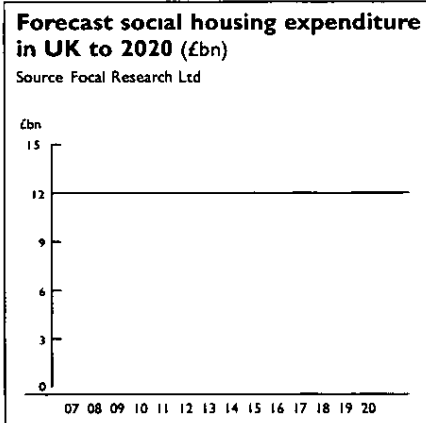


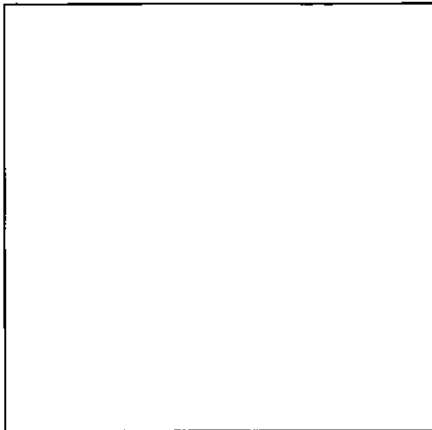


### Long term frameworks

Total order book  
Value at December 2007

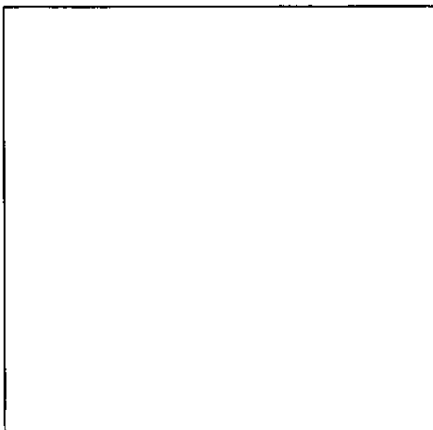
**£1.8bn**  
**+28%**





**Response maintenance**  
Number of insurance jobs completed in 2007

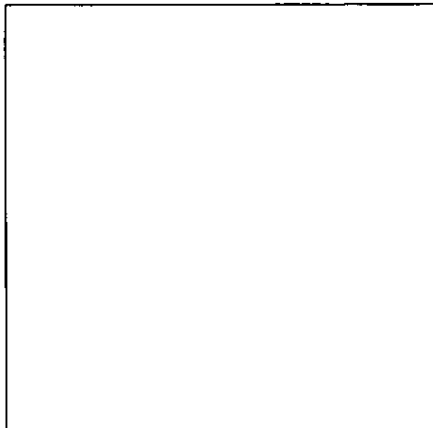
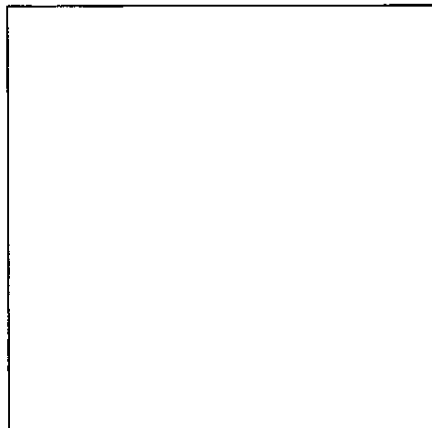
**32,000**



**2007 Rok customer survey**

% Surveyed customers  
Source: Independent Research by GFK

- > 79% are satisfied with overall performance
- > 81% are likely to use Rok again
- > 79% would recommend Rok
- > 73% felt valued as a customer



**Commercial sector  
Customer. BAA**

Rok have a national agreement with BAA working at each of its seven UK airports

**Heathrow    Gatwick  
Stansted    Glasgow  
Edinburgh  
Aberdeen  
Southampton**

**Insurance sector**  
New customers in 2007

**Fortis  
Nationwide Building Society  
AXA**

**Insurance repairs**

About two thirds (over £55m) of our fast growing response maintenance business is the result of working for our major insurance customers - Zurich, RSA and Lloyds TSB. The acquisition during 2007 of Aquilo Inspection and Reinstatement Services (AIRS) has provided us with the opportunity to extend this market considerably during 2008 and beyond. AIRS provides us with the processes and systems to develop our own claims management service to complement the repairs service provided by our locally based, directly employed technicians. This new approach will be rolled out gradually during 2008. The acquisition also brought us business leaders with many years of expertise and knowledge of the sector.

**Customer feedback**

Our key measure of success for the day to day delivery of our services is customer satisfaction. We seek feedback on a regular basis, both formally and informally, and verify this information once a year through a large scale customer satisfaction survey.

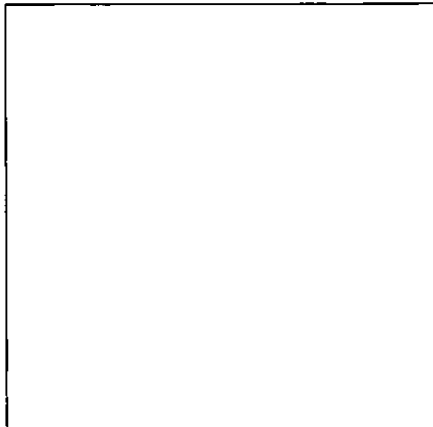
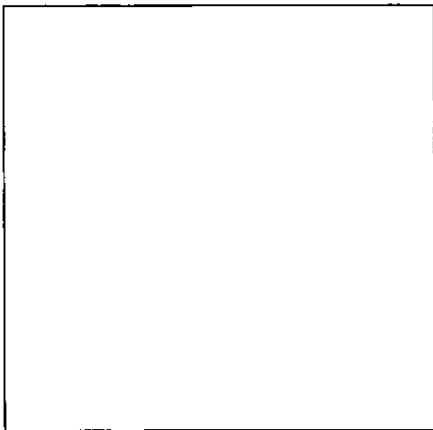
Local Rok teams ask for structured feedback on their performance from their customers, face to face, every three months on longer term building projects. For maintenance, our technicians hand out customer satisfaction cards to the householder or proprietor. Monthly feedback from these two sources contributes to the Customer KPI.

Our annual customer survey gives us a more quantitative and objective overview of customer perceptions and performance trends. In 2007 we achieved our highest ever customer delight index score of 71% (a measure of satisfaction weighted for importance of key service elements to the customer). This reflected a concerted focus on customer service from teams across the business over the past three years. The box on page 28 provides a few more details.

**Community engagement**

A cornerstone of Rok's involvement in the local communities it serves is the Community Challenge. A third of our employees took part in one of these or a charity event last year. Typically, we invite organisations to put forward schemes where volunteer help and Rok's project management could improve facilities used by the public. We have upgraded church halls, communal gardens and youth clubs among the most recent schemes. According to the offices that have completed these exercises, they give a unique insight into the needs and priorities of neighbourhoods. In some cases they have led to full time jobs for volunteers and further work opportunities for the business. Those who have given up their time gain a closer connection with the people they have helped and a real satisfaction in what has been achieved. As an example of the long term benefits they can bring, a partnership with a hostel for homeless men in Plymouth led not only to the residents rebuilding their own accommodation but to the men learning skills that could prepare them for employment.

Rok encourages people to take positions of responsibility in the community and gives everyone the opportunity of an extra day off for voluntary work. During 2007 four Rok offices received local recognition in business awards for contributions to the community.



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# We design our businesses for the highest margin

## OUR STRATEGY

Leaders in our Company are rewarded for their success in developing profitable area businesses which conform to our business model This requires a balanced business mix Because a number of our acquired businesses traditionally relied on larger scale contracting work, they have had to balance this with smaller scale building and maintenance activities These have intrinsically higher margins and are less prone to shifts in the economic cycle They are based on longer term customer and supply chain relationships,

resulting in better overall performance and opportunities for business

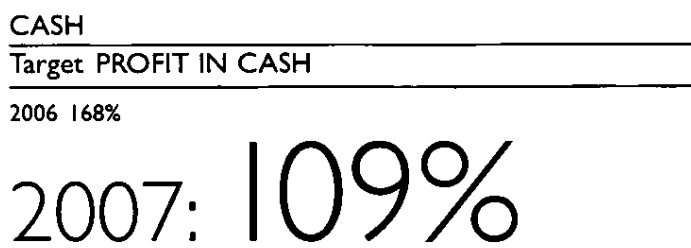
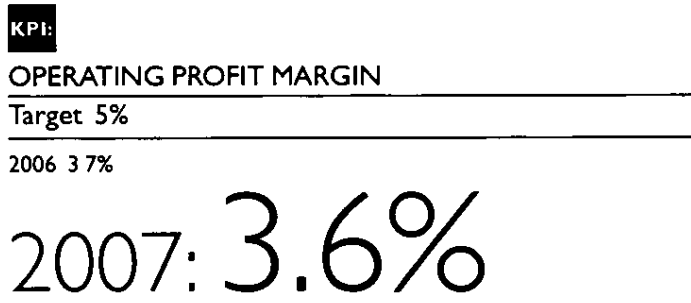
Another means of increasing margin is to sub-contract less of our work This not only allows us to retain a greater share of the profit but also improves quality, leading to more business In particular we are looking at bringing plumbing, heating and electrical trades in house

In addition to this local focus on improving margin, our central teams are able to bring

efficiencies and reduced costs through national economies of scale Our supply chain team has introduced UK wide materials deals giving us and our customers better prices Our Information Systems team provides an efficient infrastructure for processes and communication channels across 59 offices, 800 sites and a mobile workforce Our national service centre deals cost effectively with all our back office processes, from invoices to payroll and customer support

<p><b>2007 delivery</b></p> <ul style="list-style-type: none"> <li>&gt; KPIs introduced and leaders incentivised to deliver</li> <li>&gt; Individual business plans, aligned to strategy, in place for every office</li> <li>&gt; Improved business reporting</li> <li>&gt; Longer term supplier relationships</li> <li>&gt; Back office processes consolidated into a national service centre</li> </ul>
<p><b>2008 and beyond</b></p> <ul style="list-style-type: none"> <li>&gt; Develop in-house plumbing, heating and electrical services to increase margin through direct delivery</li> <li>&gt; Continue to improve processes and productivity to drive the efficient growth of our maintenance business</li> <li>&gt; Strengthen approved sub-contractor relationships</li> <li>&gt; Develop strategic information systems plan to support future business growth</li> </ul>

### How we measure success



**OUR STRATEGY IN ACTION**

**Optimising business mix**

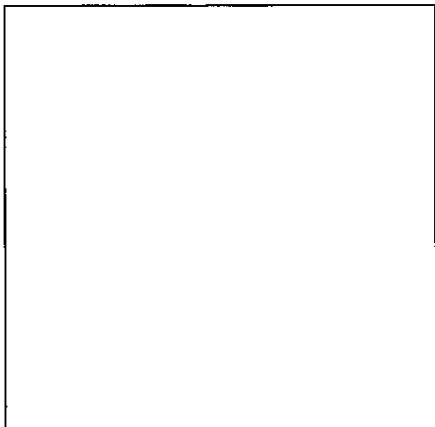
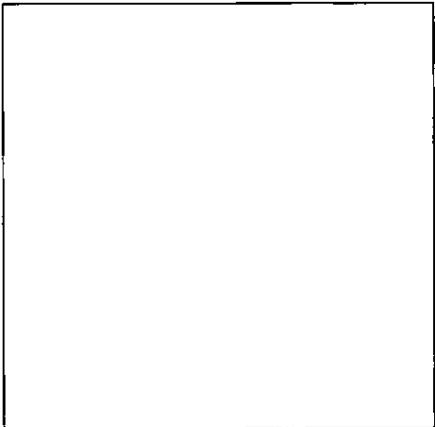
During 2007 each of our local businesses developed a three year strategic alignment plan charting the steps required to create a balanced business mix between new build, planned repairs and refurbishment and response maintenance. Our bigger businesses, which have the relevant capabilities, will also include larger scale construction projects but even here we limit the gross profit expectation from these schemes to one third of total profits, the remaining two thirds coming from the planned repairs and refurbishment and the response maintenance business streams. Progress against this plan is monitored and reviewed regularly.

**Minimising business risk**

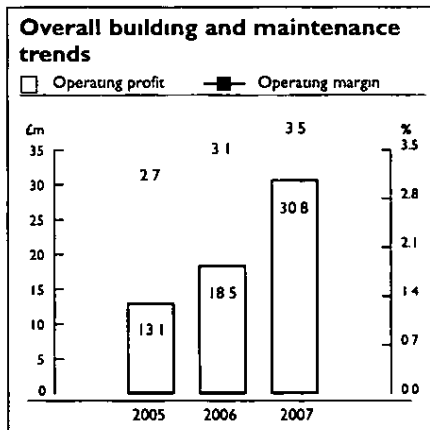
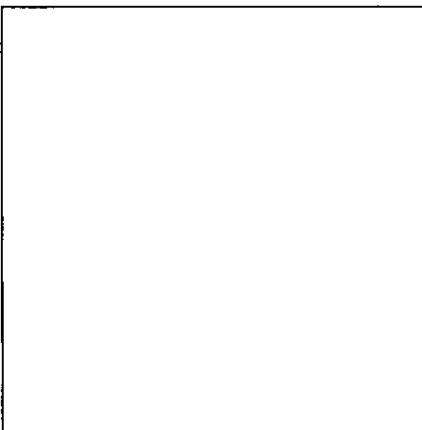
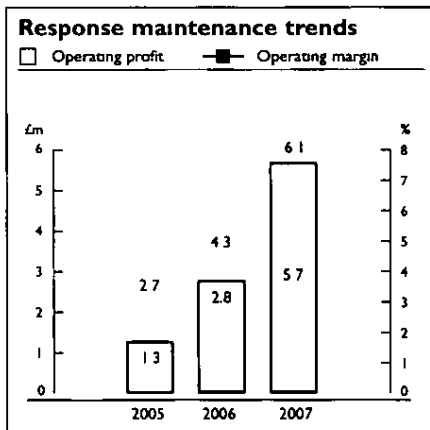
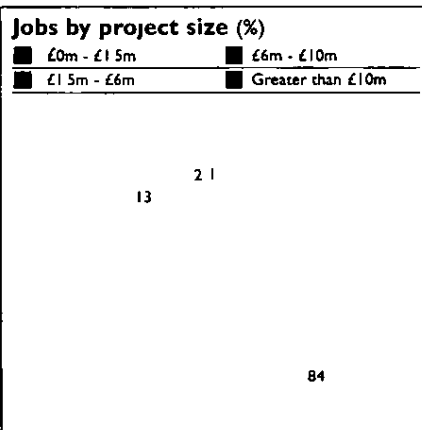
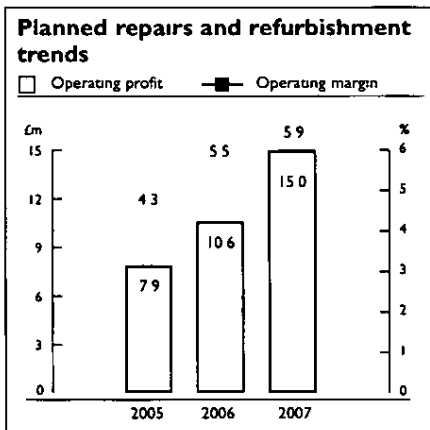
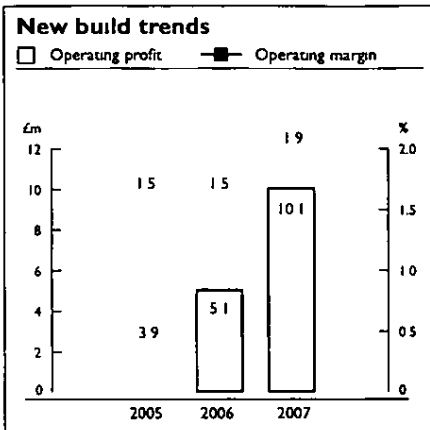
Our business mix targets are also designed to reduce the risk profile of projects. Cost and profit variability on smaller building, refurbishment and response maintenance projects is much lower than on larger scale construction projects. The chart on page 32 shows the focus on smaller scale building projects with the average project value (excluding response maintenance) being £900,000.

The Rok Way, clearly identifies for our teams how to reduce project risk through a series of simple steps. These are:

- ★ Meeting and getting to know our customers and identifying their expectations before the bid and pricing process commences
- ★ Avoiding risky projects by limiting the size and complexity of jobs to the skills of our local branches
- ★ Location is key; our branches understand and focus on their local markets
- ★ Evaluating safety before we price a project to ensure that our people and the public can be kept safe at all times
- ★ Finishing on time by focusing on the importance of upfront planning and programming to optimise productivity. Every scheme has its own specific plan agreed by the customer, designers and supply chain to ensure delivery is met.
- ★ Fair and clearly understood contract terms and conditions for all
- ★ Focus on schemes where price is not the only driver, working with customers who want us to use our skills to benefit all those involved and to add value for their own customers and their own businesses
- ★ No bad debts, always ensure customers and suppliers can meet their commitments
- ★ Strict guidelines rigorously applied to give prudent and realistic revenue and profit reporting on projects
- ★ Swiftly identifying and addressing problems and issues as they arise. Problems give us an opportunity to use our skills to resolve them
- ★ Relentless communication with the customer delivery team, suppliers and sub-contractors before during and after the project completes
- ★ When we finish we don't turn off the lights, hand the keys over and walk away. We stay with the building and customer offering maintenance and aftercare services



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THE POWER OF OUR BUSINESS MODEL LIES IN THE FACT THAT OUR LOCALLY MANAGED BUILDING BUSINESSES CAN LEVERAGE THE EFFICIENCIES AND ECONOMIES OF SCALE PROVIDED BY A SINGLE BRAND.

- ★ Locally, our area leaders and their teams form lasting relationships with our customers and supply chain. Our national customers have dedicated key account managers

**Increasing direct delivery**

Most building businesses rely heavily on sub-contractors. This is a legacy of the traditionally poor terms and conditions for front line employees in our industry. Today's environment is different. Despite current economic uncertainty, the construction market is still growing in the majority of its sectors and skills shortages are acute and are likely to remain so. The most successful and profitable businesses will be those which attract people with the best skills and attitudes, who in turn can add most value for customers. Just as importantly, direct delivery means that margin is retained which would otherwise be lost through sub-contractors taking profit from the project.

Rok has paved the way in the industry by offering equal terms and conditions to its front line workforce. We can measure through our People and Customer Surveys that this results in higher levels of employee and customer satisfaction, adding value to the business through reduced employee turnover and higher levels of repeat business. During 2007 we have added almost 1000 technicians to our payroll and they now make up 54% of our employees.

I have already outlined on page 8 how the development of an in-house plumbing, heating and electrical service will form an important part of this strategy over the next few years. Currently this service, which commands relatively high profit margins of about 6% and represents about 20 - 25% of the value of all building projects, is 90% sub-contracted. It is also the cause of a significant proportion of project delays and loss of productivity. This presents an exciting opportunity to retain profit margin and enhance value and service for our customers.

As we develop this strategy, we are acutely aware that we must create the flexibility to adapt to changing economic and market conditions and our objective is to resource for the trough in workload rather than the peak. As a result, long term relationships with high quality, established sub-contractors will continue to be part of our strategy.

**Leveraging national economies of scale**

The power of our business model lies in the fact that our locally managed and empowered individual building businesses can leverage the efficiencies and economies of scale provided by a single brand, a consistent set of best practice processes, the buying power of a £1bn business and a national infrastructure for back office activities such as information systems, finance processing and insurance. We use a carefully selected and limited mix of local and national suppliers, working with companies who share our values and on which we can always rely to service our needs. In return we help to train and develop their workforce, provide fair terms, pay on time and keep our promises. Many of these relationships have developed over a number of years as we have been able to share our success with our partners.

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# We are growing the family

## OUR STRATEGY

We know there is a high demand for locally sourced, reliable building and maintenance services all over the UK. In the towns and cities where we have Rok offices, we are steadily increasing our share of this work through organic growth by improving our ability to deliver these services using our own directly employed trades people to ensure the highest standards of delivery. As well as growing employment and profitability from existing offices, we aim to open new offices as we win long term framework contracts in new areas. These provide platforms for

establishing a business in these communities and for winning further work.

Where we do not yet have a presence, we are actively looking for companies to acquire. Some 50,000 small building firms currently operate in our target market, which is worth around £42bn a year, so there are excellent opportunities for consolidation. What we look for are companies with a strong reputation for delivery and quality of service in their communities and who recognise the advantages of

being part of a larger, more successful organisation.

Our search for such businesses also recognises a desire to populate some of the parts of the UK where we are not currently represented. We are also looking for businesses with a strong bias towards key trades or expertise where we are sub-contracting more of our work than we would wish.

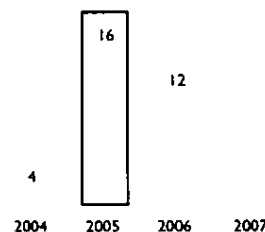
<p><b>2007 delivery</b></p> <ul style="list-style-type: none"> <li>&gt; Opened five new offices</li> <li>&gt; Acquired seven new businesses</li> <li>&gt; Strengthened presence in Central England</li> <li>&gt; Acquired a business to improve services to the insurance sector</li> <li>&gt; Added plumbing, heating and electrical services to in-house capability</li> <li>&gt; Successfully integrated acquisitions</li> </ul>
<p><b>2008 and beyond</b></p> <ul style="list-style-type: none"> <li>&gt; Integrate remainder of 2007 acquisitions</li> <li>&gt; Acquire companies in regions where we are not represented</li> <li>&gt; Acquire more companies with trades still under represented</li> <li>&gt; Continue to use framework contracts as a platform for establishing new offices</li> </ul>

### How we measure success

#### OUR OBJECTIVE

10% growth in operating profits from acquisitions

#### Operating profit growth from acquisitions each year (%)



**OUR STRATEGY IN ACTION**

**Organic growth to expand geographic coverage**

We rarely set up new offices from a standing start as experience has demonstrated that it can take several years to create a profitable business. However, our success in winning long term framework contracts, usually focused on new build or refurbishment work, has enabled us to use these as a base to open new offices in Macclesfield, Newcastle North, Harlow, London Bermondsey and Bristol North in 2007. This strategy ensures that these offices are profitable from the start and can use the reputation from the existing contracts to win more work. The next stage of development of these offices is to expand, often by establishing a response maintenance team.

**Acquiring businesses to expand geographical coverage**

SOL Construction, acquired in May 2007 with its substantial presence in Warwick and Nottingham, complemented Rok's operations in Birmingham and Stafford, plugging a gap between Rok's traditional heartland of the South and its newer offices in the North. SOL had been trading across the Midlands for 40 years retaining an enviable customer base and sound reputation. Similarly, the purchase in September of S Harrison Construction, with its 55 years of experience in Yorkshire, enhanced our capabilities in the county adding construction to our growing refurbishment and maintenance streams.

**Acquiring businesses to support increased direct delivery**

The decision to sub-contract a lower proportion of plumbing, heating and electrical trades has led us to look for companies with proven strengths in these areas using the valuable experience we gained with the acquisition in 2006 of Corrie, a successful plumbing, heating and electrical business attached to Tulloch Construction in Scotland.

When we sub-contract work, not only do we lose the direct relationship with the recipient of that service but we also lose some of our profit. This is particularly true of trades, such as plumbing and electrical services, which command a higher margin. Bringing these trades in house as further services offered by Rok, The Nation's Local Builder, will enhance our capability, reputation and profitability.

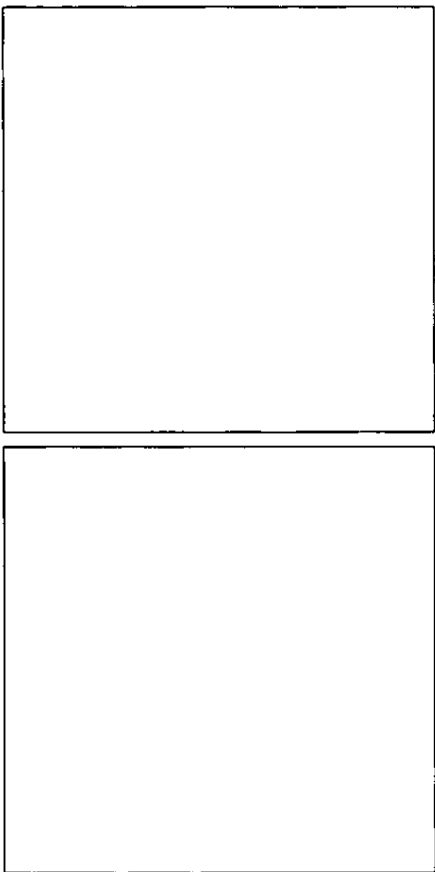
This rationale was behind the decision to buy EMB Services in Yorkshire at the beginning of 2007, where Rok's Wakefield office has an agreement with Rotherham City Council to help bring its rented properties up to the Decent Homes standard. One of its sub-contractors was EMB which had grown rapidly in the three years it had been operating and was regarded as a well run, successful business.

Similarly Avonside Services Group was acquired in October 2007, and operated from four offices in the North of England and Scotland. The vast majority of Avonside's work is delivered through its own people with 350 of them being registered trades people.

The acquisition of Aquilo Inspection & Reinstatement Services (AIRS) was motivated by the desire to improve our claims management service to insurance customers using industry leading technology. (See page 29)

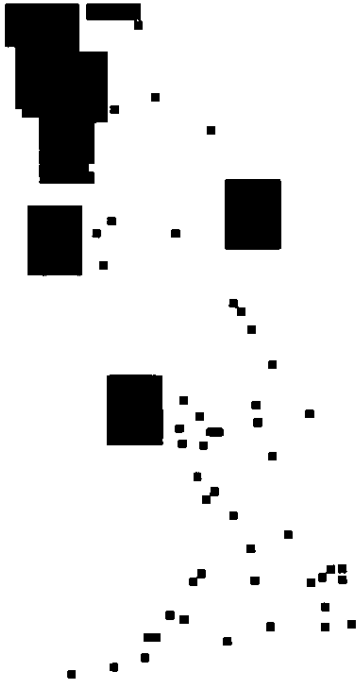
**Integrating new teams**

Central to Rok's philosophy of growing the family is that new businesses are bought with the management remaining in place and employees retaining their roles wherever possible. In contrast to the more typical model where companies swallow competition, buy up contracts and lay off people, Rok has acquired businesses because of the people in them. This policy requires a careful and considered integration process, an



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# 59 local offices



**BUILDING AND MAINTENANCE**  
 Aberdeen  
 Ayr  
 Birmingham Central  
 Birmingham East  
 Bolton  
 Brighton  
 Bristol North  
 Bristol  
 Chester  
 Crawley  
 Eastbourne  
 Edinburgh  
 Elgin  
 Exeter  
 Fort William  
 Gatwick  
 Glasgow Central  
 Glasgow North East  
 Grimsby  
 Harlow  
 Inverness  
 Liverpool  
 London Bermondsey  
 London Dartford

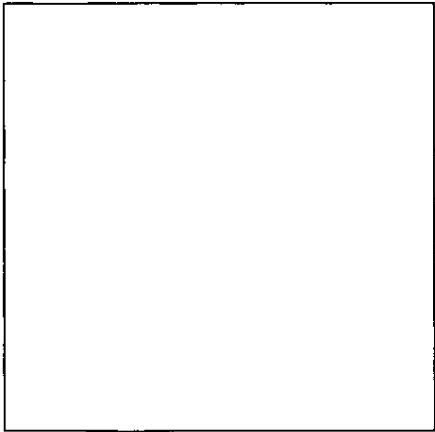
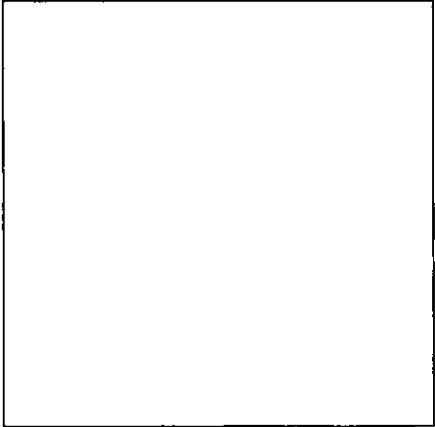
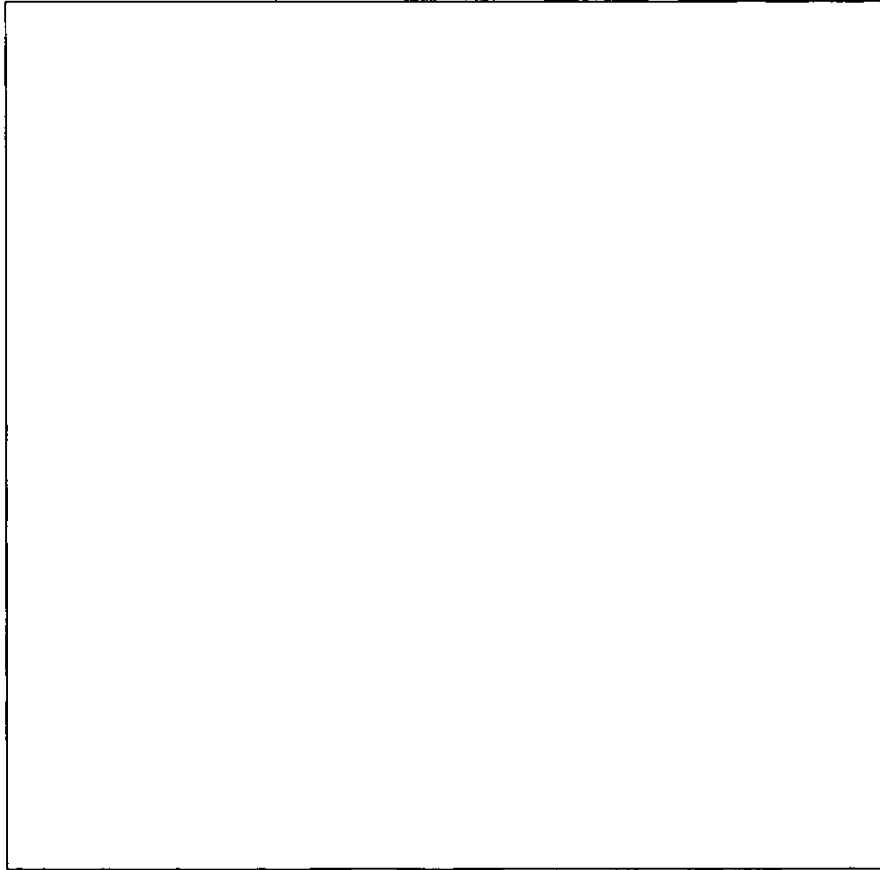
London Hackney  
 London Heathrow  
 Macclesfield  
 Manchester  
 Milton Keynes  
 Newcastle North  
 Newcastle South  
 Nottingham  
 Oxford  
 Plymouth  
 Poole  
 Preston  
 Reading  
 Rotherham  
 Solent  
 Stafford  
 Stirling  
 Taunton  
 Teesside  
 Thurso  
 Torquay  
 Truro  
 Wakefield  
 Warwick  
 Yeovil  
 York

**PLUMBING HEATING AND ELECTRICAL**  
 Billingham  
 Cottingham  
 Dundee  
 Elgin  
 Fort William  
 Glasgow  
 Inverness  
 Leigh  
 Rotherham  
 Thurso

**DEVELOPMENT**  
 Exeter  
 Manchester

**KEY**

■	Building and maintenance
■	Plumbing, heating and electrical
■	Development



area to which Rok has directed more energy and resource this year acknowledging its importance to successful growth

Every acquisition is different and it is essential to understand as much as we can about a new company before we change anything. Having acquired respected businesses it makes no sense to dismantle them and yet some change is inevitable if Rok's service is to feel the same from Thurso to Truro. We have found the process is smoother if people in the acquired business embrace the integration process rather than having a new regime thrust upon them. Our preferred route is for our integration team to work with the leadership of the new business on a planned timetable that suits that new company's employees, circumstances and customers. Our aim is that within two years every acquired business should look and feel like Rok but the actual time taken to integrate can depend on a number of factors.

The biggest difference companies new to Rok notice is a cultural one. Most businesses in our sector, especially the smaller firms, have a more autocratic and hierarchical approach with one or two people taking all the decisions. Our style is to encourage people to work in a team and take responsibility for their own actions as we believe they perform better. In particular, we believe those with the ability to really influence our service and our customers' perception of it, should be the people delivering it. Another area where the contrast is marked is communication. Rok endeavours to hear all voices through annual surveys, discussion forums, team meetings and employee representatives. This approach cannot be introduced overnight.

When Rok acquired Tulloch Construction in 2006, it was our single biggest acquisition to date and involved almost 900 people who needed to feel they had a secure future in a new organisation. Clearly a major task, integration could not be rushed but is now in its final stages. We have dropped the Tulloch name and people are being transferred to Rok's terms and conditions of employment which are being explained on a one to one basis. A programme called Rok Together is being run for groups of around 50 people at a time familiarising them with Rok's values and ambitions. Feedback from these sessions has been encouraging.

Our measure for the success of our acquisition integration is our ability to retain employees and on that score we are well above the industry average.

#### Acquisition funding

Our policy is to fund the cost of acquisitions through a mixture of cash and the issue of new shares. We will re-direct the investment previously made in commercial property development to acquisitive growth in our building and maintenance businesses where the fragmented nature of the market gives us numerous opportunities.

HAVING  
ACQUIRED  
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TRURO.

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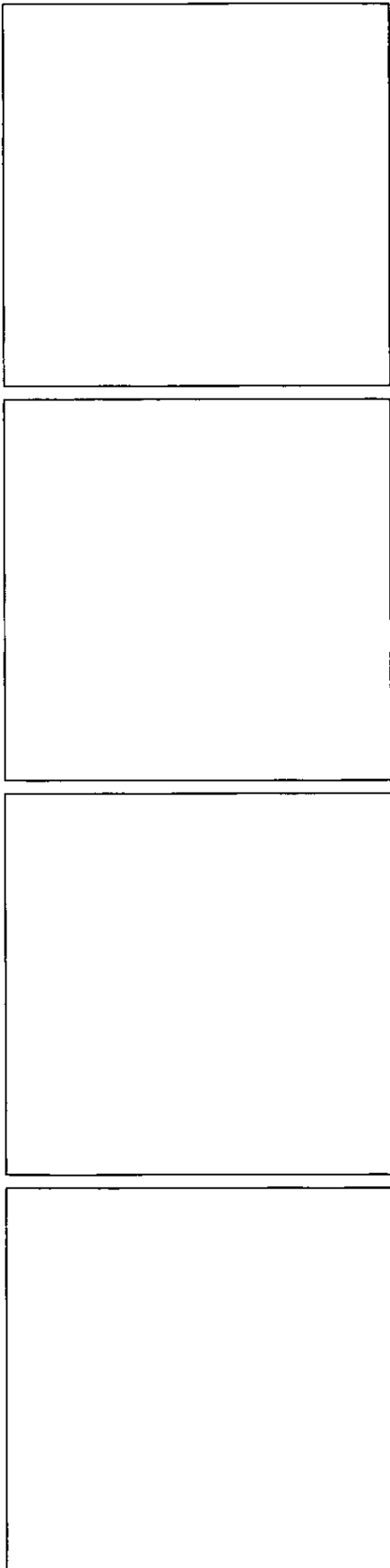
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# 2008

## LOOKING FORWARD TO 2008 AND BEYOND

A succession of record breaking financial performances has demonstrated that our Success Formula is working and we are confident it will steer us towards our goal of supplying an ever increasing proportion of local building and maintenance services across the country. Whatever uncertainties face the wider UK economy and the construction sector in particular during 2008, we can be sure that the communities in which we base ourselves will continue to need trusted builders on hand to improve and repair the properties in which they live, work and relax. We also know we are in a strong position to meet these demands having positioned ourselves uniquely as the only large scale national company offering small scale building and repair services through its own directly employed, skilled trades people.



**LOOKING FORWARD**

It is the people at Rok, with their energy and commitment, who have built our success and their interests remain a priority. Ensuring that they, as well as our sub-contractors and the public, stay safe and well every day requires constant focus and will be top of our agenda to ensure we achieve our long term target of an accident frequency rate of zero

We have strengthened our leadership team to support the scaling up of our business in 2008 and we will step up the recruitment and training of technicians to increase the amount of work done directly by our own trades people. In particular, we will be expanding our plumbing, heating and electrical services because of the advantages for our customers in terms of reliability and value for money

Rok will endeavour to continue to set the pace in social housing and we will use our expertise to secure more long term framework agreements both in this sector and in education, where our services are becoming increasingly sought after. Our market-leading position in insurance repairs will be further enhanced in 2008 through a new claims management service

The remarkable growth of the Company will be sustained organically, as we create new local businesses on the strength of our activities on behalf of framework partners. We will also grow through acquisition, where we will look for businesses with a good local reputation operating in areas or disciplines where we are currently under represented

As a responsible business, we are aware of the environmental implications of its activities and eager to make a positive impact where we can. Our immediate focus will be on improving waste management and on measuring and minimising our carbon footprint

Whilst we foresee economic conditions in the coming year adversely affecting the demand for large capital projects, principally in the private sector, we believe the need for repair, maintenance and improvement services will be greater as organisations make do and mend' rather than replace or move. It is in just such conditions that Rok's Nation's Local Builder strategy should thrive. We are also helped by the fact that much of this work is already secured through long-standing arrangements with housing providers, local authorities or insurers

The UK construction, building and maintenance sector remains highly fragmented with, it is estimated, some 50,000 suppliers. We believe the industry will continue to consolidate over the next few years driven by increasing regulation, skill shortages, the economies of scale available to major groups and the continuing trend towards outsourcing and rationalisation of suppliers by major corporates and Government bodies. This economic environment provides a significant opportunity for us to continue to expand our business model across the UK, through the selective acquisition of businesses that are committed to our local builder strategy

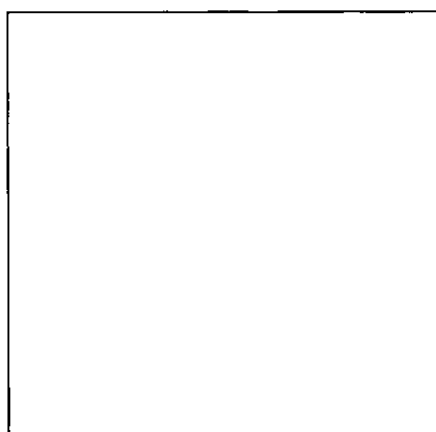
All of these factors give us confidence to believe that 2008 should be another year of good progress for the Group

**Garvis Snook**  
 Chief Executive  
 6 March 2008

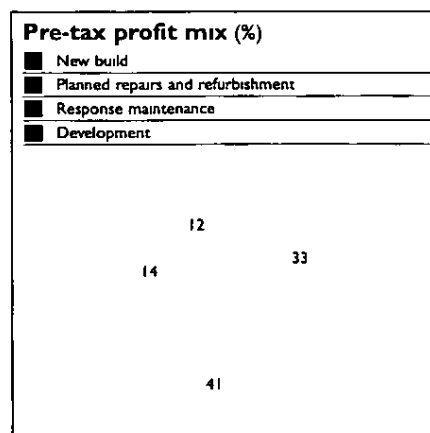
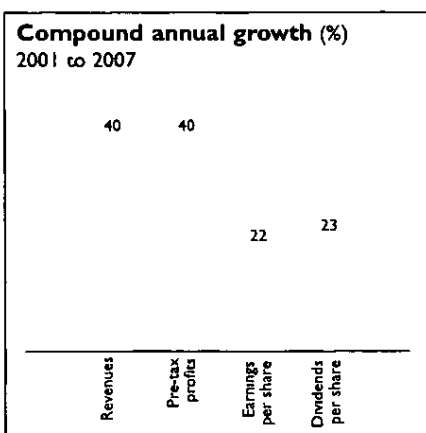
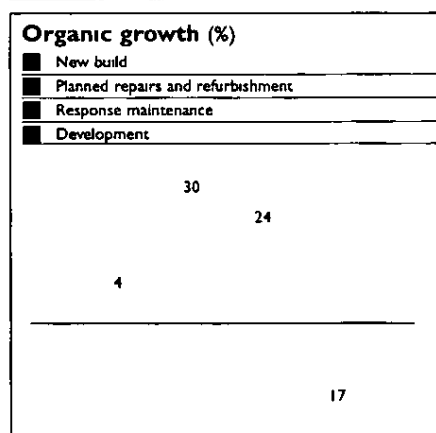
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# Financial review

Ashley Marun  
Finance Director



Results summary	2007	2006	Change
Revenue	£950.1m	£689.3m	+38%
Operating profit	£30.7m	£22.9m	+34%
Profit before tax	£28.3m	£20.0m	+42%
Earnings per share - basic	11.5p	9.4p	+21%
Earnings per share - adjusted	13.0p	10.5p	+24%
Dividend per share	3.4p	2.8p	+21%
Operating cash flow before tax	£33.7m	£39.1m	-14%
Net (debt)/cash	(£5.3m)	£11.6m	



## OVERVIEW

Financially, the Group has had another successful year with revenues, profits and earnings per share all reaching new records. These results were driven by a very strong performance from both our planned repairs and refurbishment and response maintenance businesses with like for like growth of 30% and 24% respectively. We also achieved an increase in our core building and maintenance adjusted operating margins to 3.5% through expansion of our self delivery capability and by harnessing economies of scale, taking us closer to our long term operating margins target of 5%. Acquisitions also contributed strongly to the 2007 result, together with the full year impact of the Tulloch acquisition from 2006. The Development division's results, however, were affected by the downturn in the wider commercial property market in the autumn, resulting in a decline in its overall profitability.

2007 was the seventh consecutive year of record results since the strategy of creating a national business of local builders was conceived. In that time both revenues and profits have grown by a compound annual rate of 40% proving that our strategy is working well.

As we look to the future, the potential to continue to grow both organically and by acquisition is significant. The Group is well funded, with a strong balance sheet and cash generating capability and accordingly is in a strong position to deliver on its vision of being recognised across the UK as The Nation's Local Builder.

## Segment results

### Revenues

	2007 £m	2006 £m	change %
New build	526.1	342.0	+54
Planned repairs and refurbishment	254.9	191.2	+33
Response maintenance	93.7	64.6	+45
Total building and maintenance	874.7	597.8	+46
Development	75.4	91.5	-17
	950.1	689.3	+38

### Profit

	2007 £m	2006 £m	change %
New build	10.1	5.1	+98
Planned repairs and refurbishment	15.0	10.6	+42
Response maintenance	5.7	2.8	+104
Total building and maintenance	30.8	18.5	+66
Development	7.4	9.8	-24
Group activities	(4.1)	(3.0)	
Intangible asset charges	(3.4)	(1.3)	
Operating profit	30.7	22.9	+34
Finance charges	(2.4)	(2.9)	-17
Profit before tax	28.3	20.0	+42

Total building and maintenance revenues of £874.7m were 46% higher with like for like growth of 12%. Overall building and maintenance profits increased by 66% to £30.8m with operating margins increasing to 3.5% from 3.1% due to a

combination of higher margins from recently acquired businesses and economies of scale as the fixed cost element of our businesses are spread over an increased revenue base. The continuing drive to undertake more self delivery with our own technicians is also aiding the growth in operating margins.

New build revenues, mainly representing construction activities, grew 54% to £526.1m, with like for like growth of 4% reflecting the continuing focus of our businesses to achieve a more balanced portfolio of projects between new build, planned repairs and refurbishment and response maintenance in line with our business model. Operating margins rose 0.4% points to 1.9% driven by the full year impact of the Tulloch acquisition in 2006 and the 2007 acquisitions of SOL Construction, Avonside Services Group and S Hamson Construction, where currently most activity is in the new build sector. Our growing proportions of frameworks for social housing and education also underpinned the growth in margins as we continued to focus our businesses away from higher risk construction activity.

Planned repairs and refurbishment revenues, where we largely work in occupied premises, rose 33% to £254.9m with like for like growth of 30% as the benefits of last year's framework awards came on stream. Operating profits increased 42% to £15.0m with margins increasing 0.4% points to 5.9% as project efficiencies were harnessed largely in social housing refurbishment under the Decent Homes programme.

Response maintenance revenues, where we undertake urgent repairs, grew by 45% to £93.7m with like for like growth of 24%. Additional volume was generated by our national insurance customers, part of which arose from the flooding in Yorkshire and the Severn valley last summer. Operating profits were up significantly (+104%) with margins increasing 1.8% points to 6.1% as more of our branches achieved their volume targets, with improved technician productivity levels and a strong control on cost growth.

The Development division's revenues fell 17% to £75.4m and profits by 24% to £7.4m as the weakness in the commercial property sector resulted in institutional investors withdrawing temporarily from the market in the last quarter as the credit squeeze began to take effect. With the market softening and the resultant decrease in anticipated return on capital, we will continue to reduce our exposure to this sector from its current 12% of pre-tax profits as we see better and more predictable returns elsewhere. The cash released will be used to fund acquisitions in our building and maintenance operations.

### Financing costs and working capital

Financing costs fell 17% to £2.4m reflecting the reduction during the year in average net debt, together with lower charges in respect of the financing of the deficits in the defined benefit pension schemes. Interest costs of £2.0m were 17 times covered by adjusted operating profits, highlighting the Group's capacity to increase borrowing to continue to fund its future acquisition programme.

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The financing profiles of each of our businesses are highly complementary. Our new build construction activities tend to be cash positive as payments from customers normally precede the settlement of sub-contractors and suppliers. As revenue grows more cash is generated. Planned repairs and refurbishment are broadly cash neutral. Response maintenance is slightly cash absorptive as our direct labour force is paid weekly or monthly in advance of national customers settling their monthly accounts. We have used the net cash from our construction activities, together with bank borrowing, to fund development activity through the acquisition of land and the development of buildings prior to a sale.

#### Business mix

Taking into account the financing income and costs of each of our activities, the pre-tax profit mix is shown on page 40.

#### Intangible asset charges

Intangible asset charges increased from £1.3m to £3.4m. This reflects the amortisation on brands and customer relationships associated with the Tulloch and SOL acquisitions and the recording of an impairment charge of £0.7m in respect of the Development division reflecting the reduced profitability expected going forward. A further £3.9m of goodwill remains in respect of the Development division which will be written off in 2008 and 2009 commensurate with the planned reduction in development activity.

#### Taxation

The tax charge for the year of £8.6m represents an effective rate of 30.5% (2006 29.0%). This increase is primarily due to the goodwill impairment not being tax deductible.

#### Earnings per share

The earnings per share figure adjusted for intangible asset charges and the 2006 one off items increased by 24% to 13.0p and also by 24% to 12.7p on a diluted basis. The weighted average shares in issue during the year was 171.4m (2006 149.7m) and 175.6m (2006 154.0m) allowing for the dilutive effect of share options.

#### Dividends

Following our policy of increasing dividends broadly in line with EPS growth, the Board is recommending a final dividend for the year of 2.35p per share resulting in a total dividend for the year of 3.40p, an increase of 21% on 2006. If approved, the final dividend will be paid on 9 May 2008 to shareholders on the register at 4 April 2008. The dividend is 3.4 times covered by earnings.

#### Cash flow and net debt

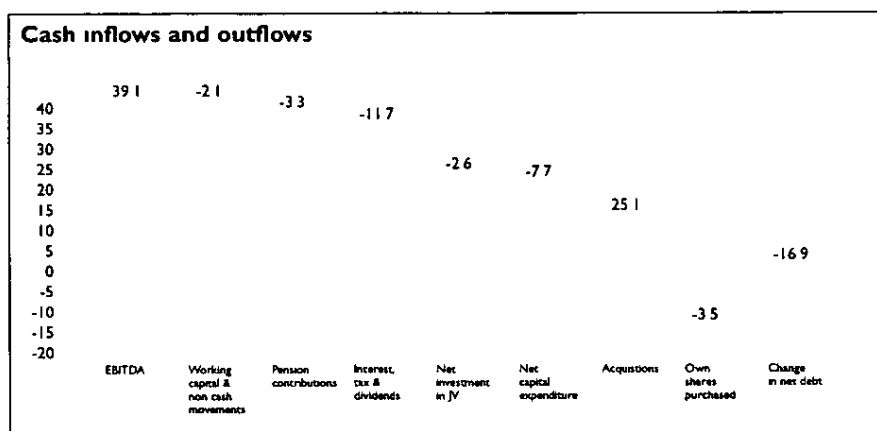
The Group generated cash from operations before tax payments of £33.7m (2006 £39.1m) which represents a profit to cash conversion of 109% before deducting pension scheme contributions. Net capital expenditure of £7.7m reflects the continuing programme of office modernisations together with further upgrades to our IT capability and the replacement of owned plant. Investment in joint ventures of £3.3m reflects the shift in development activity to more jointly funded projects as we decrease our own funds invested in this activity. Outflows for acquisitions totalled £23.0m, together with a further £2.1m of debt acquired. The Group also spent £3.5m acquiring its own shares for the purpose of satisfying awards under the Group's share based incentive plans.

Net debt at 31 December was £5.3m (2006 net cash of £11.6m) reflecting principally the outflow for acquisition funding. The year end debt/cash position however is not representative of the underlying borrowing needs of the business which is significantly affected by the timing of receipts from customers and payments to suppliers. This is better represented by the daily average net debt which during 2007 was £24.2m, down from £30.0m in 2006.

#### Acquisitions

The Group completed seven acquisitions during the year as part of extending both geographic and sector coverage.

In May the Group acquired SOL Construction, a construction and maintenance business operating from Nottingham and Warwick, for a total consideration of £21.0m satisfied as to £17.0m in cash and the balance by the issue of 1.872m Rok



shares £2.0m of the cash consideration is deferred dependent on the performance of SOL for the period to 31 March 2008. SOL had free cash at acquisition of £7.0m.

In September, S Harrison Construction, a construction business operating in Yorkshire was acquired for a total consideration of £4.8m, of which £4.0m was satisfied in cash and the balance by the issue of 0.36m Rok shares. S Harrison had £1.6m of free cash at the acquisition date. Also in September the Group purchased the trade and certain assets of Aquilo Inspection and Reinstatement Services, an insurance claims management business for a cash consideration of £2.2m.

Avonside Services Group, a major provider of plumbing, heating and electrical services joined the Group in October for a total consideration of £16.2m, comprising £11.6m in cash and the issue of 2.435m Rok shares. Rok also assumed £1.9m of debt in the Avonside business at acquisition.

The Group also acquired the trade and assets of three other smaller businesses in Aberdeen, Ayr and Rotherham.

**Treasury policies and banking facilities**

Treasury activities are managed by the Group finance team, which is responsible for optimisation of short term liquidity, long term funding requirements, monitoring and management of interest rate risk and development of the Group's banking relationships. The Group's liquidity policy is to ensure that it has sufficient funding in place to meet the growth anticipated from the annual budget and its three year strategic plan, excluding acquisition activity. The Board aims to maintain committed facilities of 125% of maximum expected borrowings.

At the year end the Group had total bank facilities of £60.0m split as follows:

Unsecured 3 year revolving credit facility expiring October 2010	£45.0m
Unsecured 364 day committed working capital facility expiring September 2008	£15.0m

At the year end the Group had drawn £54.8m on its bank facilities, offset by £43.0m of cash. Undrawn bank facilities together with available cash totalled £48.2m. The peak borrowing during the year was £54.8m.

Since the year end the Group has increased its bank facilities by a further £20.0m in order to fund smaller acquisitions and for general working capital purposes.

The revolving credit facility, under which interest is charged at between 90 and 112.5 basis points over base rate, is split between two principal banks and is extended each year under an 'evergreen' option following a review with the banks concerned. The facility is subject to three covenants tested quarterly and which have been met during the year.

Net debt to EBITDA	(maximum of 3x)
Interest cover	(minimum of 3.5x)
Net assets	(minimum of £55m)

The Board has set a minimum level of interest cover of five times. All borrowings are at floating rates. A 1% change in interest rates would have an impact of approximately £0.4m on reported profits.

**Pension liabilities**

The Group has three defined benefit pension schemes all of which are closed to new members and to future service accrual. The gross pension deficits of the schemes at 31 December 2007 as measured under IAS 19 was £11.0m, down from £21.5m at the end of the previous year. This reduction is due to the strong performance of the equity markets in 2007 together with an increase in bond yields, reducing the discounted value of liabilities to pensioners under the schemes. The Group has agreed to clear the scheme deficits by 2013 and in agreement with the Trustees is contributing cash sums of £3.4m a year from 2008 onwards in respect of this commitment.

Ashley Martin  
Finance Director  
6 March 2008

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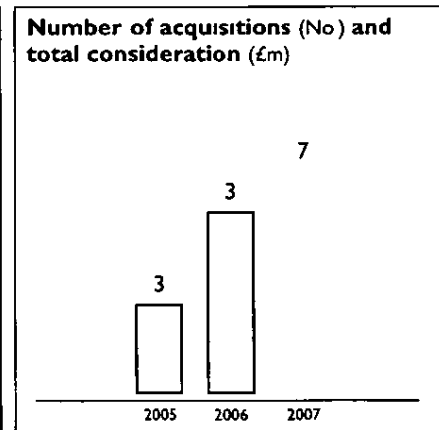
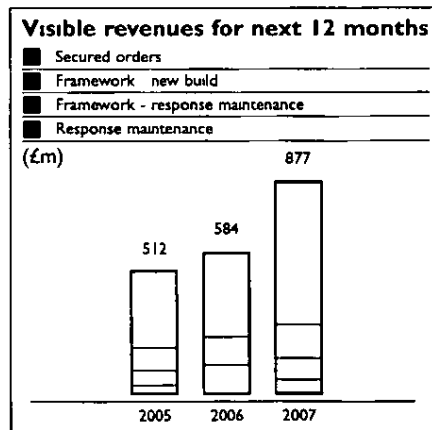
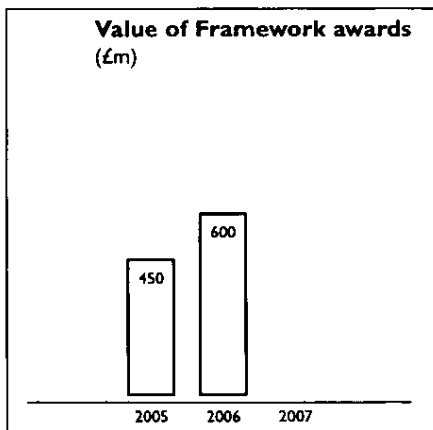
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# Governance

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## Your board

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**BOARD COMMITTEES**

**Audit Committee**

Chris Bailey (Chairman)  
Gillian Camm  
Ian Ellis

**Nomination Committee**

Stephen Pettit (Chairman)  
Chris Bailey  
Gillian Camm  
Ian Ellis

**Remuneration Committee**

Gillian Camm (Chairman)  
Chris Bailey  
Ian Ellis

**REGISTERED OFFICE**

Rok plc  
Rok Centre  
Guardian Road  
Exeter Business Park  
Exeter EX1 3PD

Tel 01392 354000 Fax 01392 354001

Company Number 358466

**1 Ashley Martin**

**Finance Director (49)**

Joined the Board as Finance Director in 2003. A Chartered Accountant, Ashley was previously Finance Director of media services company, Tempus Group plc. He is head of the finance team and plays a key role in the Company's investor relations and acquisitions.

**2 Garvis Snook**

**Chief Executive (55)**

Appointed as Chief Executive in 2000, Garvis was previously a regional managing director of Morgan Sindall plc. Garvis leads the Plc Executive team and provides the visionary leadership which has underpinned the Company's success.

**3 Chris Bailey**

**Independent Director (62)**

Appointed as a non-executive director in March 2005. Chris is a Chartered Accountant and was previously Finance Director of Aggregate Industries plc. He is Chairman of the Audit Committee and a director of Ultra Electronics Holdings plc.

**4 Ian Ellis**

**Independent Director (52)**

Appointed as a non-executive director in February 2006. A Chartered Surveyor, Ian is an executive director of Land Securities Group plc and Chief Executive of Land Securities Trillium, the UK's leading property outsourcing company.

**5 Stephen Pettit**

**Chairman (56)**

Appointed as a non-executive director in January 2005 and became Chairman in April 2005. Stephen is a director of National Grid Plc and Halma Plc. His key responsibility is to chair the Board and to ensure it operates effectively. He also chairs the Nomination Committee.

**6 Julian Turnbull**

**Company Secretary (57)**

Appointed as Company Secretary in 1990. A Chartered Secretary, Julian has over 30 years construction industry experience and is responsible for providing legal and administrative services across the Company.

**7 Sue Moore**

**Strategic Development Director (49)**

Appointed as a Director in 2004. Sue worked formerly for Unilever and British Airways where she was Head of Brands. Her responsibilities include customer and brand strategy, communications and business strategy.

**8 John Samuel**

**Operations Director (55)**

Appointed as Operations Director in October 2005. John is an experienced construction professional who worked previously for Balfour Beatty for 23 years. He is responsible for the Company's building and maintenance operations.

**9 Gillian Camm**

**Senior Independent Director (48)**

Joined the Board as a non-executive director in 2002 and became senior independent director in February 2006. Gillian is also a member of the General Medical Council where she is Chair of Fitness to Practise. She is Chairman of the Remuneration Committee.

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# Corporate governance

## COMBINED CODE

The Board continues to be committed to conducting the Group's operations in accordance with the best principles of corporate governance

This report describes how the Board has addressed the provisions of the Combined Code on Corporate Governance which was updated by the Financial Reporting Council in June 2006 (the Combined Code) The Board is satisfied that the Company has complied with the Combined Code throughout the year to 31 December 2007, except that David Sutherland, who was not regarded as independent, served as a member of the Audit Committee until his resignation on 31 December 2007

## THE BOARD

### Responsibilities

The Board is responsible for the overall direction and management of the Group The Board's main roles are to create shareholder value, to approve the Group's strategic objectives and to ensure necessary financial and other resources are made available to enable these objectives to be met. The Board has a schedule of matters reserved for its approval, which it reviews and agrees annually

Specific responsibilities reserved for the Board include

- ★ setting Group strategy and long term objectives,
- ★ approving business plans and annual budgets,
- ★ approving the extension of the Group's activities into new business or geographical areas, including any acquisitions,
- ★ overseeing the Group's operations,
- ★ ensuring the maintenance of a sound system of internal control, risk management and corporate governance,
- ★ approving the annual and interim results and any other external financial reporting;
- ★ managing succession planning, Board appointments and determining remuneration policy for directors and senior executives (via the Nomination Committee and the Remuneration Committee),
- ★ approving changes relating to the Company's share capital,
- ★ approving the Group's policies in relation to, inter alia, the environment, health and safety and code of conduct/values

The names of the directors currently in office, together with their biographical details, are set out on pages 45 David Sutherland resigned as a non-executive director on 31 December 2007

### Chairman and Chief Executive

The division of responsibilities between the Chairman and the Chief Executive is clearly defined and is approved by the Board in December each year. The Chairman's principal responsibilities are to chair the board and shareholder meetings and to ensure the effective running of the Board. The Chief Executive's principal responsibility is leading the executive team in the day to day running of the Group's business. The Chairman and Chief Executive meet regularly between Board meetings.

### Board balance and independence

The Board currently comprises four executive and four non-executive directors. The Board has appointed Gillian Camm as Senior Independent Director and also considers Chns Bailey and Ian Ellis to be independent in character and judgement. The Board considers that the Chairman, Stephen Pettit, on his appointment in April 2005 met the independence criteria set out in the Combined Code.

### Information

The Board meets regularly, approximately every month, with additional meetings being held when circumstances and urgent business dictate. Regular reports and papers are circulated to all directors in a timely manner in advance of Board and Committee meetings, which include management accounts and reports from senior executives. The Board holds a number of its meetings at different Rok offices at which it receives presentations from local business teams to help Board members gain a deeper understanding of the business.

On appointment, new directors take part in a tailored induction programme where they visit key business locations, meet operational and functional leaders and other senior executives and receive information about the Group and the role of the Board.

The directors are able to take independent professional advice, if necessary at the Company's expense, in furtherance of their duties.

### Performance evaluation

The Board has established a formal and vigorous process for the evaluation of its performance, its Committees and individual directors, including the Chairman. In 2007 this was undertaken by way of questionnaires, the results of which were collated independently to ensure confidentiality. The Board/Committee evaluation results were presented to the Board and to the respective Committees and goals agreed for the following year. The evaluation of the performance of individual directors has been fed back to them by the Chairman, who has received feedback on his own performance from the other directors. The Board's objectives for 2008 are based on findings from the 2007 performance evaluation process.

### Appointment and re-election of directors

All directors are subject to election by shareholders at the first Annual General Meeting after their appointment and to re-election thereafter and at intervals of no more than three years, in accordance with the Company's Articles of Association. Non-executive directors are appointed for an initial period of three years and their performance is evaluated before their term of appointment is extended by a further three year term. Non-executive directors who serve longer than three terms are subject to annual re-election by shareholders.

Stephen Pettit and John Samuel will be standing for re-election at the Annual General Meeting in May 2008 and details are contained in the Notice of Annual General Meeting and accompanying Chairman's letter sent to shareholders with this Annual Report.

### BOARD COMMITTEES

The Board has delegated authority to an Audit Committee, a Nomination Committee and a Remuneration Committee, further details of which are contained in separate sections following this statement. Each of these Committees is subject to the requirements of the Combined Code and has appropriate written terms of reference, copies of which can be found on the Company's website. The performance of each Committee has been evaluated in the year, as described earlier.

The table below shows the attendance by Directors at Board and Committee meetings during the year.

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Stephen Pettit	11/11			3/3
Gillian Camm	10/11	3/4	5/5	3/3
Garvis Snook	11/11			
Chns Bailey	10/11	4/4	4/5	3/3
Ian Ellis	10/11	3/4	5/5	3/3
David Sutherland	8/11	3/4		2/3
Ashley Martin	11/11			
Sue Moore	11/11			
John Samuel	11/11			

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**SHAREHOLDER COMMUNICATIONS**

The Board gives priority to establishing and maintaining good relationships with all shareholders. The Chief Executive and Finance Director meet regularly with analysts and major current and potential institutional shareholders to discuss the Company's strategy, performance and governance. The Chairman meets major institutional shareholders at investor presentations and the Chairman, Senior Independent Director and the Company Secretary meet major institutional shareholders to discuss corporate governance, succession planning arrangements and executive remuneration issues. The main dialogue with private shareholders occurs at the Annual General Meeting which is held in April/May each year and is attended by the full Board, including the Chairmen of the three Board Committees who are available to answer shareholders' questions.

Feedback from such meetings, copies of analysts' reports and other shareholder views received are communicated to the Board as a whole.

The Annual and Interim Reports are seen as important communication tools and other information is released through the Stock Exchange. Shareholders are also sent the Company's regular in-house newsletter, The Citizen, which contains news and views from across the Group.

There is a comprehensive investor relations section on the Company's website - [www.rokgroup.com](http://www.rokgroup.com) - which includes share price information, annual and interim reports, institutional presentation documents and Stock Exchange releases.

The implementation of the Companies Act 2006 will have implications for the Company's Articles of Association in relation to a number of areas, including electronic communication to shareholders. As the implementation of the Companies Act 2006 has been delayed, approval for only a limited number of changes to the Company's Articles of Association is being sought at the 2008 Annual General Meeting. It is likely that more wholesale changes to the Company's Articles of Association will be sought at the 2009 Annual General Meeting, including changes in relation to electronic communications to shareholders.

The Board continues to actively encourage increased shareholder voting at the Annual General Meeting and has introduced a system whereby shareholders can electronically lodge proxy cards for the meeting and other shareholder meetings. Details are contained in the Chairman's Annual General Meeting letter and proxy form being sent to shareholders with the Annual Report.

**RISK MANAGEMENT PROCESSES**

The Board has overall responsibility for the Group's systems of internal controls and, via the Audit Committee, for reviewing its effectiveness.

The Nation's Local Builder as a strategy is risk adverse by design, but risk management is embedded throughout Rok.

Every year our local businesses identify their key risks, the actions they will take to mitigate them and consider the effectiveness of their internal controls as part of their business planning process. The process is monitored by our regional and band leadership teams. The results are weighted and aggregated and generate a real bottom up picture of risk developed by those responsible for mitigating it. The Plc Executive team follows an identical process giving a top down view of risks. We differentiate between strategic and budget risks. The result is an accurate and balanced view of risk and effectiveness of internal controls across all our businesses. We review this twice more throughout the year, to identify changes in the risk profile and to ensure actions are being taken. The whole process is facilitated independently by the Rok Assurance team. The mitigating actions are owned by individual members of the Plc Executive team.

Summarised below is how we see the major risks in 2008

KEY	TYPE OF RISK	LIKELIHOOD					FINANCIAL IMPACT
		Strategic	Budget	£1-2m	<£1m		
REPUTATION	External national						
	External regional						
	External local						
	Internal group						
	Internal local						
		Remote	Less likely	Equally likely as unlikely	More likely	Almost certain	

The Board has reviewed the operation and effectiveness of the internal controls for the year ended 31 December 2007

**AUDITOR INDEPENDENCE AND OBJECTIVITY**

The Audit Committee has established a policy for the provision of non-audit services by the external auditors. The nature of any new service to be provided by the auditors is reviewed by the Committee to ensure there is no threat to the auditor's objectivity and to ensure the skills and experience of the auditors are suitable for carrying out the new service.

The policy allows the auditors to be engaged without reference to the Committee on due diligence reviews in connection with acquisitions and to provide general taxation advice, provided their cumulative fees for non-audit services do not exceed 50% of the audit fee for the current year. Fees for work likely to result in non-audit fees exceeding cumulatively 50% of the annual audit fee require the specific prior approval of the Audit Committee. Details of the amounts paid to the external auditors during the year are set out in Note 3 to the financial statements.

**GOING CONCERN STATEMENT**

The directors are required under the Combined Code to consider whether or not to adopt the financial statements on the basis that the Company and the Group are going concerns.

As part of its normal business practice the Group prepares annual and longer-term plans and, in reviewing this information and in particular the 2008 - 2010 three year plan and the 2008 budget, the directors believe that the Company and the Group have adequate resources for the foreseeable future. Therefore the Company and the Group continue to adopt the going concern basis in preparing the financial statements.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the Group and parent company financial statements, in accordance with applicable law and regulations. Company law requires the directors to prepare Group and parent company financial statements for each financial year.

Under that law the directors are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and have elected to prepare the parent company financial statements on the same basis.

The Group and parent company financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the Group and the parent company and the performance for that period. The Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the Group and parent company financial statements, the directors are required to:

- ★ select suitable accounting policies and then apply them consistently;
- ★ make judgments and estimates that are reasonable and prudent;
- ★ state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- ★ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. Under applicable law and regulations, the directors are also responsible for preparing a Directors' Report, Remuneration Report and Corporate Governance Statement that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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# Audit committee

## AUDIT COMMITTEE

During the year, the Audit Committee comprised Chris Bailey (Chairman), Gillian Camm, Ian Ellis and David Sutherland. David Sutherland resigned as a member of the Committee on 31 December 2007. Chris Bailey, formerly Group Finance Director of FTSE 250 company, Aggregate Industries plc, has brought recent and relevant financial experience to the role. The Board considers that all members of the Committee who served during the year, other than David Sutherland, were independent within the definition set out in the Combined Code. The Committee meets with executive directors and other senior management, as well as privately with both the external auditors and the head of Rok Assurance.

The Committee met four times during the year.

The Committee's terms of reference include the following:

- ★ to review the annual and interim financial statements before submission to the Board,
- ★ to monitor the effectiveness of the Company's internal controls and risk management procedures and to review the statements made in the Annual Report on these matters,
- ★ to monitor and review the effectiveness of the Rok Assurance function, which incorporates the internal audit function,
- ★ to consider and make recommendations to the Board in relation to the terms of appointment of the external auditor, including overseeing a policy to ensure the independence of the external auditor,
- ★ to review the nature and scope of the audit, to discuss with the auditors any issues arising from the external audit (in the absence of management where necessary) and to review the auditor's management letter and management's response.

Rok is committed to maintaining the highest standards of conduct in all its activities, both internally and externally. To this end, the Committee also reviews the arrangements for the Group's whistle blowing policy, which has been communicated to all employees, under which employees are encouraged to raise in confidence any concerns they may have in relation to standards of conduct in order for suitable follow up action to be taken.

During the year the Committee's work has included reviewing the Company's business continuity arrangements and monitoring business improvements.

The Committee's terms of reference can be found on the Company's website.

# Nomination committee

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## NOMINATION COMMITTEE

The Nomination Committee during the year comprised Stephen Pettit (Chairman), Chris Bailey, Gillian Camm, Ian Ellis and David Sutherland. David Sutherland resigned as a member of the Committee on 31 December 2007. The Board considers that all members of the Committee who served during the year other than David Sutherland were independent within the definition set out in the Combined Code.

The Committee met three times during the year.

The Committee's terms of reference include the following:

- ★ to review the structure, size and composition of the Board and Board Committees,
- ★ to ensure that suitable arrangements are in place for succession planning for directors and other senior executives taking account of the future challenges and opportunities facing the Group,
- ★ to make recommendations to the Board on the appointment of executive and non-executive directors.

Rob Olorenshaw, the Group People Director, and Gill Gustar, the Leadership Development Leader, are internal advisers to the Committee.

The Group is highly focused on the development of individuals throughout the business. Committee members and other Board members spend time in the business seeing first hand the work of individuals with potential and, where appropriate, these individuals are invited to make presentations at Board meetings.

During the year the Committee's work included overseeing succession planning for key senior positions.

The Committee's terms of reference can be found on the Company's website.

# Remuneration report

Dear Shareholder

The Remuneration Committee reviews the policy for executive remuneration each year to ensure that it remains appropriate in the light of the Company's strategy and the evolving views of shareholders

As a result of this year's review, the Remuneration Committee has concluded that the existing policy remains appropriate but considers that there should be some changes to the Long Term Incentive Plan (LTIP)

To date the performance condition has been structured so that it focuses executives on the delivery of a level of total shareholder return (TSR) which is significantly above market levels

For 2008, the Committee proposes that the performance condition should be split so that TSR should apply to 50% of the award - the delivery of superior stockmarket performance is still a very important KPI. However, the remaining 50% of the award should be based on the delivery of stretching earnings per share growth targets. The Committee believes that a blend of these two targets will provide a better assessment of management performance and value creation.

In addition, a provision will be included so that executives benefit from the value of dividends paid on LTIP awards over the three year holding period (paid on vesting to the extent awards vest). The addition of a

dividend roll-up provision will improve the alignment of interests between executives and shareholders. These amendments to the LTIP require shareholder approval at this year's Annual General Meeting (under Resolution 12).

There are no other changes proposed to the policy for executive remuneration, which is set out in detail in the Committee's report below.

Yours sincerely

Gillian Camm  
Chairman of the Remuneration Committee

This report of the Remuneration Committee has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 and has been approved by the Board. Information relating to directors' remuneration and pensions and their interests in shares, LTIP awards and deferred bonus awards on pages 57 to 59 has been audited. Shareholder approval of this report will be sought via a resolution to be put to shareholders at the Annual General Meeting.

## REMUNERATION COMMITTEE

The Remuneration Committee is responsible for determining the overall remuneration policy and individual remuneration packages for the executive directors and other senior executives.

During the year, the Remuneration Committee comprised Gillian Camm (Chairman), Chris Bailey and Ian Ellis. The Committee met five times during the year.

The Committee is governed by terms of reference approved by the Board which include the following:

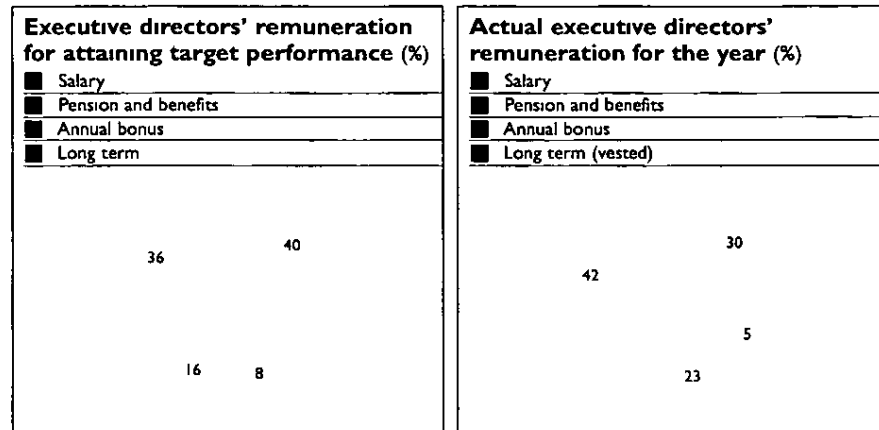
- ★ setting and agreeing with the Board the Group's overall remuneration policy and strategy;
- ★ determining the individual remuneration packages for executive directors and other senior executives;

- ★ approving any service contracts terminable on more than six months' notice with benefits outside a normal contract of employment;
- ★ reviewing the design of share incentive plans and performance related pay schemes;
- ★ approving awards under the LTIP and deferred bonus schemes;
- ★ overseeing any major changes to the employee benefit structure;
- ★ approving any compensation payments to directors and senior staff leaving the Company.

The Committee's terms of reference can be found on the Company's website.

The Committee obtained specialist advice during the year from New Bridge Street Consultants LLP, who are independent remuneration consultants and who provide no other services to the Company. Rob Olorenshaw, the Group People Director and Julian Turnbull, the Company Secretary, provide advice to the Committee and attend meetings, along with the Chairman and Chief Executive.

The remuneration of non-executive directors is determined by the Group Chairman, the Chief Executive and the Finance



Director and is commensurate with their time commitment and responsibilities

During the year, the Committee's work included reviewing long term incentive arrangements for executives and other key senior employees. As a result of this the Committee has been involved in communicating to a number of the Company's largest shareholders the proposed changes to the LTIP scheme.

**REMUNERATION POLICY**

The Committee's policy on directors' remuneration, is designed to attract and retain directors with the ability, experience and drive required to manage the Company and to shape and deliver the strategy approved by the Board aimed at enhancing shareholder value.

The remuneration policy for senior executives including executive directors, is for base salaries to be set at market competitive levels but for overall remuneration to have the potential to be in the top quartile for exceptional performance, by virtue of the executive incentive plans described in this Report. The Committee believes that a significant proportion of total remuneration should be performance related so as to align the interests of executives with those of shareholders. Long-term incentives in particular are designed to provide exceptional levels of reward but only if truly exceptional levels of performance are delivered.

Remuneration packages are structured so that, at a target level of performance, just over half of the total remuneration potential is derived from performance related remuneration. This is illustrated in the graph above.

This policy has been consistently applied and, subject to the proposed changes to the LTIP performance criteria, will apply to 2008 and subsequent years. Within this policy framework, the remuneration of executive directors comprises the following elements:

**Base salary and benefits**

Base salaries, which are reviewed annually, are determined with reference to market data, the individual's role within the Group, the nature of their responsibilities and on their

performance. Base salaries are set at market competitive levels from market data for comparable roles in similar sized organisations, utilising information from an independent source. There is no automatic annual salary increase.

The current base salaries of executive directors after the most recent reviews are:

- Garvis Snook - £405,000
- Ashley Martin - £275,000
- Sue Moore - £220,000
- John Samuel - £260,000

Levels of salary increase equate to between 7.3% and 15.5%. The levels of salary increase were carefully considered and account taken of the impact of any salary increases on the other elements of the remuneration package (referenced off base salary). The levels of increase were felt to be appropriate after taking account of the increasing scope and range of the Group's activities, market positioning, the marketability of individuals particularly on the back of successful delivery and sustained growth, the overall positioning of the total remuneration package and, in some cases a substantial increase in the size of their roles.

In addition, a range of benefits is provided which include car allowance, health insurance, life cover and company pension contributions of between 12% and 15% of base salary to the Group's defined contribution scheme. Overall, the level of pension and benefits is positioned so as to be below market benchmarks.

The Group is implementing a flexible benefit structure in April 2008. All employees on Rok contracts of employment will be entitled to participate in the flexible benefit scheme under which participants will be able to trade a range of benefits, including health related benefits and holiday entitlement. The employee communications on the scheme have been well received and the range of benefits on offer will be kept under review.

**Annual performance bonus**

The Remuneration Committee believes strongly in the effectiveness of performance-linked bonuses that strengthen

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the alignment of interests between executives and shareholders. The maximum annual bonus potential for executive directors of 80% of base salary has been determined in the light of the overall remuneration policy and is linked to stretching performance conditions.

The Remuneration Committee is highly focused on the retention of key senior executives and hence one quarter of any bonus earned by executive directors will be in the form of an award of shares deferred for two years, with vesting of the deferred shares subject to continued employment over the deferral period. The number of deferred shares awarded is based on the average share price over the three months ending 31 December prior to the award, whether or not the share price subsequently rises or falls before the awards are made. The value of dividends paid over the deferral period will be rolled up and paid at the time of vesting.

The bonus is contingent on the achievement of a sliding scale of performance targets, split between fully diluted earnings per share (EPS) growth (for two thirds of the bonus) and measurable non-financial strategic objectives (for the remaining one third). For 2008, the Chief Executive will, amongst other aspects, be measured on the achievement of a Company wide environmental target.

For 2007, the growth in adjusted EPS equated to 24% which resulted in a maximum payment for the financial element of the annual bonus. The non-financial objectives for each of the executive directors were very stretching and, following an assessment by the Committee, were paid at an average level of 78.5% of the maximum.

#### LONG TERM INCENTIVE PLAN

The Company operates a Long Term Incentive Plan (the LTIP) approved by shareholders in which the executive directors and other senior executives participate. The LTIP is designed to reward executives for consistent out-performance of stretching targets over the longer term.

Awards are granted over shares worth 75% of base salary in the case of executive directors and up to 25% of salary for other senior executives.

As has been the policy in previous years, the Committee has determined that the number of shares to be granted under each award should be based on the average of the Company's share price over the three months ending 31 December preceding the award, whether or not the share price subsequently rises or falls before the awards are made.

Performance is measured over the three year performance period with no re-testing. The three year performance period is defined as the three financial years of the Company ending immediately prior to the vesting of awards. So, for example, the performance period for annual awards granted in 2008 will be the three financial years ending 31 December 2010.

The Committee has reviewed the performance conditions to apply to awards in 2008. The Committee remains committed to setting stretching performance conditions which are, at the

upper end of the range, tougher than those found in most other listed companies. However, the Committee recognises that the LTIP should be evolved to recognise Rok's growth and increasing maturity, and the need for the LTIP to provide an element of retention, particularly in the light of the below market level of pension and benefits. Accordingly, a proposal is being put to shareholders at the 2008 Annual General Meeting that the performance conditions for future LTIP awards be changed so that performance is measured by reference to a mix of total shareholder return (TSR) and growth in the Company's adjusted fully diluted EPS (full details are contained in the Chairman's letter being sent to shareholders with the Notice of Annual General Meeting).

This blend of performance targets is being proposed for the following reasons:

- 1 Performance targets will be better balanced between stock market performance and company-specific financial performance,
- 2 To improve line of sight for executives through the introduction of a specific EPS element, and
- 3 To attempt to reduce the likelihood of future feast or famine reward patterns.

For the TSR part of the award, the Remuneration Committee has reviewed the composition of the comparator group of companies and has determined that the constituents of the FTSE 250 (excluding investment trusts) should remain the comparator group for the 2008 awards. The measurement of the Company's TSR performance against the comparator companies is determined on the basis of average share prices over the three months prior to the beginning and end of the three year performance period. Vesting will be in accordance with the sliding scale below:

Position against comparator group	% of half of base award vesting
Below median	0
Median	50
95th percentile	300
Straight-line vesting between median and 95th percentile	

Before any part of the award may vest by reference to the TSR performance condition, the Remuneration Committee must be satisfied that the Company's TSR is reflective of underlying financial performance.

For the EPS part of the award:

Adjusted EPS growth over the three-year performance period	% of half of base award vesting
Below RPI+18%	0
RPI+18%	50
RPI+60% or above	300
Straight-line vesting between points	

In addition to seeking shareholder approval for different performance conditions, shareholder approval is being sought to incorporate a provision whereby the value of dividends paid over the deferral period will be rolled up and paid to executives at the time of vesting (to the extent shares vest) This provision is in accordance with investor guidelines and the additional value will be taken into account when contemplating the appropriate grant levels and performance criteria.

The LTIP will continue to contain a loyalty element whereby if shares vested under the scheme are retained for a further two years and the participant remains in employment, there will be an entitlement to a loyalty award equivalent to 10% of the number of shares vested

**SHAREHOLDING GUIDELINES**

The Remuneration Committee has a policy which requires executive directors to build and maintain a shareholding in the Company At the time awards vest under the LTIP, executives will be expected to retain no fewer than 50% of shares (net of taxes) until such time as a shareholding equivalent to 100% of base salary has been achieved

**OTHER INCENTIVE SCHEMES**

The Company operates a share incentive plan known as the Rok plc Buy As You Earn Scheme (the BAYE Scheme) The BAYE Scheme was approved by the Inland Revenue in 2003 and enables employees, including full time directors, to acquire shares in the Company from their pre-tax income The scheme is aimed at encouraging employee share participation and operates on the basis that one share is acquired by the Company for every four shares acquired by the employee The shares are acquired in the market and held in trust until they are withdrawn by the employee The Company also has an approved Save As You Earn Scheme No options under this

scheme have been granted since 2001 and no new grants can be made under it. The remaining savings contracts under this scheme will mature in November 2008

**SHARE SCHEME DILUTION**

Under proposals approved by shareholders in 2005, the issue of new shares under employee share schemes is limited to grants over no more than 10% of the Company's issued share capital during the period of 10 years commencing 1 January 2005 Within this limit, LTIP awards that are made over new issue shares are subject to a limit of no more than 2% of the Company's issued share capital in any one year As at 31 December 2007, the level of anticipated dilution since 1 January 2005 based on current performance was 2.32% of the Company's current issued share capital

Dilution is also monitored on a 10 year rolling basis and, as at 31 December 2007, the level of anticipated dilution on this basis based on current performance was 6.97%

The Remuneration Committee will continue to ensure that dilution through new issue shares, and overall level of share usage, whether through newly issued shares or shares purchased in the market, is carefully monitored

**PERFORMANCE GRAPH**

The graph below charts the Company's total shareholder return performance based on the value, up to the end of 2007, of £100 invested in Rok plc on 31 December 2002 compared with that of £100 invested in the FTSE Construction and Materials Index The other points plotted are the values at intervening financial year ends This index is regarded as the most direct comparator for this purpose as it comprises a broad equity market index of which the Company has been a constituent during the period



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**DIRECTORS' SERVICE CONTRACTS**

The four executive directors are appointed under service contracts terminable on one year's notice and entered into as follows

<b>Executive directors</b>	<b>Contract date</b>
Garvis Snook	19 March 2001
Ashley Martin	3 October 2003
Sue Moore	26 July 2004
John Samuel	16 August 2005

The directors' service contracts do not make specific provision for compensation payments in the event of early termination, except in the case of those of Garvis Snook and Ashley Martin which contain compensation of one year's salary and loss of benefits for loss of office following a change of control in the Company. The Remuneration Committee will consider compensation payments in individual cases when necessary when termination occurs for any other reason in line with legal obligations.

The non-executive directors do not have service contracts but are subject to letters of appointment which are terminable on 6 months' notice entered into as follows

<b>Non-executive directors</b>	<b>Contract date</b>
Stephen Pettit	3 March 2008
Chris Bailey	3 March 2008
Gillian Camm	3 March 2008
Ian Ellis	9 February 2006
David Sutherland	30 October 2006

**DIRECTORS' REMUNERATION (AUDITED)**

Details of the remuneration of each director and their pension entitlements during their period of office were as follows

	Salary	Annual bonus*	Benefits in kind	Pension contributions	2007 Total	2006 Total
	£000	£000	£000	£000	£000	£000
<b>Executive directors</b>						
Garvis Snook	383	308	131**	57	879	695
Ashley Martin	264	195	14	32	505	473
Sue Moore	170	130	14	20	334	321
John Samuel	243	198	14	29	484	394
	1,060	831	173	138	2,202	1,883
<b>Non-executive directors</b>						
Stephen Pettit	104	-	-	-	104	100
Chris Bailey	44	-	-	-	44	43
Gillian Camm	44	-	-	-	44	43
Ian Ellis	36	-	-	-	36	31
David Sutherland (resigned 31/12/07)	36	-	-	-	36	9
Louis Sherwood (resigned 9/2/06)	-	-	-	-	-	4
	1,324	831	173	138	2,466	2,113

\* 25% of the annual bonus amounts are payable in Rok plc shares deferred for two years, with vesting of the deferred shares subject to continued employment over the deferral period

\*\* During the year, an amount of £117,000 was paid to Garvis Snook in connection with his relocation to London

Garvis Snook, Ashley Martin, Sue Moore and John Samuel are members of the Company's defined contribution pension scheme, Rokplan. The Company contributes 15% of base salary in respect of Garvis Snook and 12% in respect of Ashley Martin, Sue Moore and John Samuel.

**DIRECTORS' INTERESTS IN SHARES (AUDITED)**

The directors' interests, which are all beneficial, in the shares of the Company were as follows

	31 December 2007 ordinary shares	1 January 2007 ordinary shares*
Stephen Pettit	17,869	7,500
Garvis Snook	446,358	374,070
Chrs Bailey	10,000	10,000
Gillian Camm	17,435	14,750
Ian Ellis	15,000	15,000
Ashley Martin	353,816	155,180
Sue Moore	663	265
John Samuel	19,576	1,255
David Sutherland**	-	-

\* Interests as at 1 January 2007 are stated as holdings in 2p ordinary shares for comparative purposes

\*\* As at 31 December 2007, the date of his resignation from the Board, David Sutherland held an interest of 73% in the shares of Tulloch Homes Group plc Tulloch Homes Group plc controls 4.29% of the issued share capital of Rok plc

Between 1 January 2008 and 29 February 2008, Garvis Snook and Ashley Martin each acquired 289 shares, John Samuel 287 shares and Sue Moore 115 shares under the BAYE Scheme There were no other changes in directors' interests in the period

The market price of the 2p ordinary shares in Rok plc at 31 December 2007 was 128p During the year, the share price ranged from 103.25p to 251.25p

**DIRECTORS' INTERESTS IN LTIP AWARDS (AUDITED)**

Details of movements in unvested LTIP awards during the year are as follows

Description of award	At 01/01/07	Awarded	Vested	At 31/12/07	Performance period Began	Performance period Concludes	Market price at award	Date award vesting	Market price at vesting	Monetary value of awards vested
<b>Garvis Snook</b>										
2004 Base award	305,085	-	356,949*	-	26/04/04	25/04/07	79.2p	26/04/07	215.1p	£767,797
2005 Loyalty award	67,132	-	67,132	-	-	-	-	11/03/07	212p	£142,318
2005 Base award	272,420	-	-	272,420	01/01/05	31/12/07	108.8p	-	-	-
2006 Loyalty award	9,934	-	-	9,934	-	-	-	-	-	-
2006 Base award	274,100	-	-	274,100	01/01/06	31/12/08	115.6p	-	-	-
2007 Base award	-	174,535	-	174,535	01/01/07	31/12/09	177.2p	-	-	-
2007 Loyalty award	-	35,695	-	35,695	-	-	215.1p	-	-	-
	928,671	210,230	424,081	766,684						£910,115
<b>Ashley Martin</b>										
2004 Base award	228,815	-	267,715*	-	26/04/04	25/04/07	79.2p	26/04/07	215.1p	£575,855
2005 Base award	191,545	-	-	191,545	01/01/05	31/12/07	108.8p	-	-	-
2006 Base award	190,680	-	-	190,680	01/01/06	31/12/08	115.6p	-	-	-
2006 Loyalty award	2,500	-	-	2,500	-	-	-	-	-	-
2007 Base award	-	122,175	-	122,175	01/01/07	31/12/09	177.2p	-	-	-
2007 Loyalty award	-	26,772	-	26,772	-	-	215.1p	-	-	-
	613,540	148,947	267,715	533,672						£575,855
<b>Sue Moore</b>										
2004 Base award	21,000	-	14,070**	-	08/10/04	07/10/07	79.2p	08/10/07	195.0p	£27,437
2005 Base award	122,590	-	-	122,590	01/01/05	31/12/07	108.8p	-	-	-
2006 Base award	123,940	-	-	123,940	01/01/06	31/12/08	115.6p	-	-	-
2007 Base award	-	79,510	-	79,510	01/01/07	31/12/09	177.2p	-	-	-
2007 Loyalty award	-	1,407	-	1,407	-	-	195.0p	-	-	-
	267,530	80,917	14,070	327,447						£27,437

**DIRECTORS' INTERESTS IN LTIP AWARDS (AUDITED) (CONTINUED)**

Details of movements in unvested LTIP awards during the year are as follows

Description of award	At 01/01/07	Awarded	Vested	At 31/12/07	Performance period Began	Performance period Concludes	Market price at award	Date award vesting	Market price at vesting	Monetary value of awards vested
<b>John Samuel</b>										
2005 Base award	35,600	-	-	35,600	23/11/05	22/11/08	108.8p	-	-	-
2006 Base award	158,900	-	-	158,900	01/01/06	31/12/08	115.6p	-	-	-
2007 Base award	-	109,085	-	109,085	01/01/07	31/12/09	177.2p	-	-	-
	194,500	109,085	-	303,585						

\* Awards vested at 117% \*\* Award vested at 67%

Details of movements in vested LTIP awards during the year are as follows

Description of award	At 01/01/07	Vested	Exercised	At 31/12/07	Market price at exercise	Monetary value of exercised awards
<b>Garvis Snook</b>						
2002 Base award		671,320	671,320	-	186.25p	£1,250,334
2003 Base award		99,340	-	99,340	-	-
2004 Loyalty award		135,950	-	135,950	-	-
2004 Base award		-	356,949	356,949	-	-
2005 Loyalty award		-	67,131	67,131	-	-
		906,610	424,080	671,320	659,370	£1,250,334
<b>Ashley Martin</b>						
2004 Base award		-	267,715	267,715	237.00p	£634,485
		-	267,715	267,715	-	£634,485
<b>Sue Moore</b>						
2004 Base award		-	14,070	14,070	-	-
		-	14,070	14,070	-	-

**Notes**

1 The LTIP shares are awarded at nil cost to the directors

2 The monetary value of the vested award is the value at the date of vesting as shown in the first table. This may be different from the value at the time a director exercises his award as shown in the second table.

3 The participant is responsible for payment of income tax and employee's and employer's national insurance contributions arising on the exercise of vested awards.

4 Following the share split on 4 May 2007 of 10p ordinary shares into 2p ordinary shares all awards made prior to this date were increased by a multiple of five. Market prices for award and vesting dates prior to the share split are given as the post share split equivalent.

5 For awards granted in 2005 and 2006, the performance condition is based on the Company's TSR performance compared with a peer group of 20 building and construction, real estate and services companies. The comparator companies used for the 2005 and 2006 awards were Alfred McAlpine, Amec, Connaught, Costain, Country &amp; Metropolitan, Countryside Properties, Crest Nicholson, Daejan Holdings, Galliford Try, Henry Boot, Helical Bar, Interserve, John Laing, Kier, M.J. Gleeson Group, Minerva, Mitie Group, Morgan Sindall, Slough Estates and St Modwen Properties. Country &amp; Metropolitan and Countryside Properties de-listed in March 2005 and were replaced by Canlion and Mears for the 2005 and 2006 awards.

The vesting schedule for these awards is as follows

Position against group	% vesting
Below 10th	0
10	50
7	100
4	150
1	200
1+10%	300
1+25%	400

6 For awards granted in 2007, the performance condition is based on the Company's TSR performance compared to the constituents of the FTSE 250 Index (excluding investment trusts) at the date of grant. The vesting schedule for these awards is as follows

Position against group	% vesting
Below median	0
Median	50
60th percentile	100
80th percentile	150
95th percentile	200
95th percentile + 10%	300

7 For all outstanding awards, in addition to the TSR performance condition, there is a financial underpin whereby no awards will vest unless the percentage growth of the Company's EPS exceeds the percentage growth in the Retail Price Index (RPI) by an average of 2% per year

#### DIRECTORS' INTERESTS IN DEFERRED BONUS AWARDS (AUDITED)

	Year of award	At 01 01 07	Awarded	Vested	At 31 12 07	Market price at award
Garvis Snook	2007	-	43,050	-	43,050	177 2p
		-	43,050	-	43,050	
Ashley Martin	2007	-	29,730	-	29,730	177 2p
		-	29,730	-	29,730	
Sue Moore	2007	-	19,085	-	19,085	177 2p
		-	19,085	-	19,085	
John Samuel	2007	-	24,845	-	24,845	177 2p
		-	24,845	-	24,845	

#### Notes

- 1 The deferred bonus shares are awarded at nil cost to the directors
- 2 25% of the annual bonus amounts is paid in March of the following year in Rok plc shares deferred for two years, with vesting of the deferred shares subject to continued employment over the deferral period
- 3 The participant is responsible for payment of income tax and employee's national insurance contributions arising on the exercise of vested awards
- 4 Following the share split on 4 May 2007 of 10p ordinary shares into 2p ordinary shares, all awards made prior to this date were increased by a multiple of five. Market prices at award are given as the post share split equivalent.

Gillian Camm  
Chairman of Remuneration Committee  
6 March 2008



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# Directors' report

The directors present their report and the audited financial statements of the Group comprising Rok plc and its subsidiaries for the year ended 31 December 2007

## PRINCIPAL ACTIVITIES

Rok plc is a holding company of a group of companies providing new build, planned repairs and refurbishment, response maintenance and development services in the United Kingdom. A review of the Group's activities during the year is given in the Chairman's Foreword on page 5 and in the Business Review on pages 7 and 8. A description of the principal risks and uncertainties facing the business is given in the Business Review on page 39. Analysis of the Group's financial performance and other key performance indicators is given on page 4 and throughout the Business and Financial Reviews. Reviews of the main trends and factors likely to affect the future position and performance of the business are given in the Chairman's Foreword on page 5 and on pages 8, 25 and 39 of the Business Review.

## RESULTS AND DIVIDENDS

The results for the year for 2007 are shown in the consolidated income statement on page 62.

The directors recommend that a final dividend of 2.35p per share be paid which, together with the interim dividend of 1.05p paid in October 2007, will make a total for the year of 3.40p per share. If approved at the Annual General Meeting, the final dividend will be paid on 9 May 2008 to shareholders on the register at 4 April 2008.

## DIRECTORS

The names and biographical details of the directors at the date of this report are shown on page 45. Details of their interests in shares and those of their families are shown on page 57. These directors served throughout the year. David Sutherland resigned as a director on 31 December 2007.

In accordance with the Articles of Association, Stephen Pettit and John Samuel will retire by rotation at the Annual General Meeting and, being eligible, offer themselves and are recommended for re-election. As a non-executive director, Stephen Pettit does not have a service contract but operates under a letter of appointment terminable on 6 months' notice. John Samuel has a service contract terminable on 12 months' notice.

Other than service contracts and as shown in note 30 to the financial statements, there were no contracts or transactions between the Company and any of its directors during 2007.

## DIRECTORS' AND OFFICERS' INDEMNITIES

The Company maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors and officers. In addition, the Company has granted an indemnity in favour of directors and officers which is a qualifying third party indemnity provision for the purposes of section 309B of the Companies Act 1985.

## SHARE CAPITAL AND SUBSTANTIAL SHAREHOLDINGS

Details of the Company's authorised and issued share capital, together with changes during the year, are given in note 21 to the financial statements. The Company is aware of the following substantial interests in the issued ordinary shares as at 26 February 2008:

Holder	Holding	%
Scottish Widows	15,761,444	8.89
Standard Life	11,780,506	6.64
JP Morgan Asset Management	9,751,408	5.50
Legal & General Investment Management	8,342,542	4.70
Tulloch Construction Group Holdings Ltd	7,607,145	4.29
AXA Framlington Investment Managers	6,172,204	3.48
Fortis Investment Management	6,089,928	3.43

**AUDIT INFORMATION**

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware and that each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

**DONATIONS**

Charitable donations during the year totalled £31,343 (2006 £35,034) No donations were made to political parties

**EMPLOYEE INVOLVEMENT**

As already stated in this Annual Report, one of the elements of the Group's strategy is 'we are a talent magnet' In support of this, Rok is committed to encouraging employee involvement throughout the business This is discussed further in the Business Review on pages 14 to 21

Effective communication and consultation with employees is considered by the Board as being an area of key importance This is maintained via face to face meetings, direct mailings, the Company's intranet, an in-house magazine 'The Citizen', periodic team briefings and a monthly question and answer forum on the intranet with the Chief Executive

The Citizen's Forum is a group of employees representing all areas of the business which holds regular meetings to discuss people related issues affecting the organisation Feedback from Citizens' Forum meetings is given to the Chief Executive and other senior executives and minutes of all meetings are made available for staff to read on the Company's intranet. The leader of the Citizens' Forum meets the Board twice a year One of the key functions of the Citizens' Forum is to oversee the annual People Survey in which comments are encouraged from all employees on a range of issues affecting the business The findings of the People Survey are communicated to all employees

Rok operates a Buy as You Earn share scheme for all employees on Rok contracts of employment under which employees are able to buy Rok shares in a tax efficient manner In addition, for every four shares acquired through the scheme, Rok will acquire one additional share for the individual This is seen as a good mechanism to achieve a shared commitment from employees to the success of the business

**EQUAL OPPORTUNITIES**

Rok is an Equal Opportunities Employer and is committed to providing equal opportunities to all of its employees

It is Rok's policy to establish and maintain a working environment, terms and conditions of service and employment practices which will ensure that no employee or job applicant receives unjustified less favourable treatment on the grounds of their age, race, colour, religion or belief, nationality including national or ethnic origins, disability, gender, sexual orientation, marital status, part-time or fixed-term

status, parental responsibilities or any other unlawful ground Rok is committed to offering equal opportunities in recruitment, terms and conditions of employment, training, career development, promotion, grievance and disciplinary procedures and all other aspects of employment and of the working environment including the treatment of employees when their contract ends

**EMPLOYMENT OF DISABLED PERSONS**

The Group's policy is to give all applications for employment from disabled persons full consideration in relation to the vacancy concerned and, in the event of existing staff becoming disabled, every effort is made to enable them to maintain their present position or to employ them in suitable work in another role As far as possible the Company provides the same level of training, regardless of physical disabilities

**ENVIRONMENTAL AND COMMUNITY MATTERS**

The Group is committed to operating in a way which causes as little harm to the environment as possible and which preferably has a positive impact The Group is also committed to enhancing the communities in which it operates These matters are discussed on pages 8, 10, 11, 29 and 39 in the Business Review

**SUPPLIER PAYMENT POLICY**

Each business is responsible for agreeing the terms and conditions under which business transactions are conducted with their suppliers and subcontractors It is Group policy that payments to suppliers are made in accordance with those terms, provided that the supplier has complied with all the relevant terms and conditions At 31 December 2007, the Group had an average of 33 days (2006 39 days) purchases outstanding with suppliers

**AUDITORS**

KPMG Audit Plc have expressed their willingness to continue in office as auditors of the Company and its subsidiaries and a resolution proposing their re-appointment will be put to shareholders at the Annual General Meeting

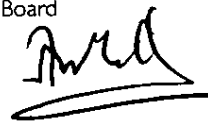
After proper consideration, the Audit Committee is satisfied that KPMG Audit Plc continue to be objective and independent of the Company

**ANNUAL GENERAL MEETING**

The Company's Annual General Meeting will be held at the Woodbury Park Hotel, Golf & Country Club, Exeter on 1 May 2008 A formal notice of meeting, an explanatory letter from the Chairman and a form of proxy have been sent to shareholders with this Annual Report.

By order of the Board

Julian Turnbull  
Secretary  
6 March 2008




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# Consolidated income statement

For the year ended 31 December 2007

	Note	2007 £m	2006 £m
Revenue (Group and share of joint ventures)	2	950.1	689.3
Less Share of joint ventures' revenue	15	(2.6)	(5.7)
<b>Group revenue</b>		<b>947.5</b>	<b>683.6</b>
Gross profit		102.5	74.6
Administrative expenses		(71.6)	(52.5)
Share of post tax (losses) profits from joint ventures	15	(0.2)	0.8
<b>Profit from operations</b>		<b>30.7</b>	<b>22.9</b>
Analysed as			
Adjusted operating profit		34.1	25.3
Intangible asset charges	4	(3.4)	(1.3)
Other separately disclosed items	5	-	(1.1)
<b>Profit from operations</b>		<b>30.7</b>	<b>22.9</b>
Finance costs	7	(2.4)	(2.9)
Analysed as			
Interest payable		(2.0)	(2.1)
Other finance income		4.1	3.1
Other finance charges		(4.5)	(3.9)
Finance costs	7	(2.4)	(2.9)
<b>Profit before tax</b>		<b>28.3</b>	<b>20.0</b>
Income tax expense	8	(8.6)	(5.8)
<b>Profit for the year</b>	2, 21	<b>19.7</b>	<b>14.2</b>
Basic earnings per share	11	11.5p	9.4p
Diluted earnings per share	11	11.2p	9.2p

# Statements of recognised income and expense

For the year ended 31 December 2007

	Note	Group		Company	
		2007 £m	2006 £m	2007 £m	2006 £m
Actuarial gains on defined benefit pension schemes	25	7.6	6.6	7.6	6.6
Deferred tax thereon	25	(2.3)	(2.0)	(2.3)	(2.0)
Tax rate adjustment to brought forward actuarial losses	8	(0.2)	-	(0.2)	-
Net income recognised directly in equity		5.1	4.6	5.1	4.6
Profit for the year	2, 21	19.7	14.2	21.9	-
<b>Total recognised income and expense</b>		<b>24.8</b>	<b>18.8</b>	<b>27.0</b>	<b>4.6</b>


# Balance sheets

As at 31 December 2007

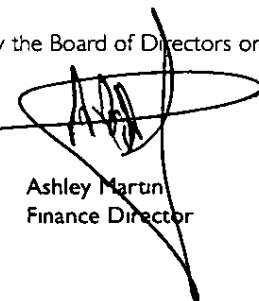
	Note	Group		Company	
		2007	Restated*	2007	Restated*
		£m	£m	£m	£m
<b>Assets</b>					
Intangible assets	13	116.2	82.7	-	-
Property, plant and equipment	14	21.3	15.8	4.0	1.7
Investments	15	-	-	174.5	67.5
Investments in joint ventures	15	4.6	2.2	-	-
Deferred tax assets	16	5.9	10.7	4.0	7.7
<b>Total non-current assets</b>		<b>148.0</b>	<b>111.4</b>	<b>182.5</b>	<b>76.9</b>
Inventories	17	42.1	51.6	-	-
Trade and other receivables	19	224.4	165.3	27.8	28.2
Cash and cash equivalents	20	43.0	44.2	-	32.3
<b>Total current assets</b>		<b>309.5</b>	<b>261.1</b>	<b>27.8</b>	<b>60.5</b>
<b>Total assets</b>		<b>457.5</b>	<b>372.5</b>	<b>210.3</b>	<b>137.4</b>
<b>Liabilities</b>					
Interest-bearing loans and borrowings	20, 22	45.7	26.6	80.6	-
Retirement benefit obligations	25	11.0	21.5	11.0	21.5
Deferred tax liabilities	16	2.9	3.7	0.2	0.2
<b>Total non-current liabilities</b>		<b>59.6</b>	<b>51.8</b>	<b>91.8</b>	<b>21.7</b>
Bank overdraft	20	-	1.5	-	-
Interest-bearing loans and borrowings	20, 22	2.6	4.5	-	2.4
Trade and other payables	27	261.8	211.4	10.2	34.8
Income tax payable		6.2	3.6	-	-
<b>Total current liabilities</b>		<b>270.6</b>	<b>221.0</b>	<b>10.2</b>	<b>37.2</b>
<b>Total liabilities</b>		<b>330.2</b>	<b>272.8</b>	<b>102.0</b>	<b>58.9</b>
<b>Net assets</b>		<b>127.3</b>	<b>99.7</b>	<b>108.3</b>	<b>78.5</b>
<b>Equity</b>					
Issued share capital	21	3.5	3.4	3.5	3.4
Share premium	21	18.2	17.7	18.2	17.7
Other reserves	21	55.1	45.7	55.1	45.7
Retained earnings	21	50.5	32.9	31.5	11.7
<b>Total equity</b>		<b>127.3</b>	<b>99.7</b>	<b>108.3</b>	<b>78.5</b>

\* See notes 12 and 21

The financial statements were approved by the Board of Directors on 6 March 2008



Garvis Snook  
Chief Executive



Ashley Martin  
Finance Director

# Cash flow statements

For the year ended 31 December 2007

	Note	Group		Company	
		2007 £m	2006 £m	2007 £m	2006 £m
<b>Profit (loss) before tax</b>		<b>283</b>	<b>200</b>	<b>204</b>	<b>(06)</b>
Adjustments for					
Depreciation		51	29	06	08
Intangible assets charges		34	13	-	-
Gain on disposal of investment		-	(03)	-	(10)
(Gain) loss on disposal of property, plant and equipment		(01)	02	-	-
Impairment of investment in subsidiaries		-	-	-	185
Defined benefit pension scheme transfer		-	-	-	107
Share of post tax losses (profits) from joint ventures		02	(08)	-	-
Expense in respect of share options		12	09	09	05
Defined benefit pension scheme contributions		(33)	(33)	(33)	(33)
Finance costs		24	29	10	04
<b>Cash generated by operations before changes in working capital</b>		<b>372</b>	<b>238</b>	<b>196</b>	<b>260</b>
(Increase) decrease in trade and other receivables		(334)	(198)	95	(199)
Decrease in commercial development inventories		119	34	-	-
(Increase) decrease in other work in progress		(07)	19	-	-
Increase (decrease) in trade and other payables		187	298	(248)	237
<b>Cash generated by operations before tax payments</b>		<b>337</b>	<b>391</b>	<b>43</b>	<b>298</b>
Income taxes (paid) received		(51)	(53)	(51)	04
<b>Cash flows from operating activities</b>		<b>286</b>	<b>338</b>	<b>(08)</b>	<b>302</b>
<b>Investing activities</b>					
Proceeds from disposal of investment		-	05	-	-
Acquisition of subsidiaries, net of cash acquired		(230)	56	(335)	(61)
Disposal of subsidiaries to other Group companies		-	-	424	-
Re-capitalisation of subsidiaries		-	-	(1072)	-
Joint venture investment		(33)	(13)	-	-
Joint venture distribution		07	17	-	-
Acquisition of property, plant and equipment		(91)	(41)	(33)	(17)
Proceeds from disposal of property, plant and equipment		14	09	06	-
Interest (paid) received		(20)	(21)	(06)	05
<b>Cash flows from investing activities</b>		<b>(353)</b>	<b>12</b>	<b>(1016)</b>	<b>(73)</b>
<b>Financing activities</b>					
Purchase of own shares		(35)	-	(35)	-
Proceeds (repayment) from non-current borrowings		192	(145)	806	-
Repayment of loan notes		(24)	(26)	(24)	(26)
Repayments of obligations under finance leases		(17)	(09)	-	-
Dividends paid		(46)	(34)	(46)	(34)
<b>Cash flows from financing activities</b>		<b>70</b>	<b>(214)</b>	<b>(701)</b>	<b>(60)</b>
Net increase (decrease) in cash and cash equivalents		03	136	(323)	169
Cash and cash equivalents at 1 January		427	291	323	154
<b>Cash and cash equivalents at 31 December</b>	20	<b>430</b>	<b>427</b>	<b>-</b>	<b>323</b>

# Notes to the consolidated financial statements

## I ACCOUNTING POLICIES

### Basis of preparation

Rok plc (the Company) is a company domiciled in the United Kingdom. Both the Company financial statements and the Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU (Adopted IFRSs). On publishing the Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s230 of the Companies Act 1985 not to present its individual income statement and related notes that form a part of these approved financial statements.

At the date of issue of these financial statements the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

Endorsed	
IFRIC 11	IFRS 2 - Group and Treasury Share Transactions
IFRS 8	Operating Segments
Yet to be endorsed	
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes
IFRIC 14	IAS 19 - The limit on a Defined Benefit Asset Minimum Funding Requirements and their interaction
Revised IFRS 3	Business Combinations
Amendment to IAS 23	Borrowing Costs
Amendment to IAS 1	Presentation of Financial Statements A revised presentation
Amendment to IAS 27	Consolidated and separate financial statements
Amendment to IFRS 2	Share based payment vesting conditions and cancellations
Amendment to IAS 32 and IAS 1	Puttable financial instruments and obligations existing on liquidation

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group.

The financial statements have been prepared on the historical cost basis, except where otherwise indicated. The principal accounting policies adopted are set out below.

### Subsidiaries and joint ventures

The consolidated financial statements comprise the Company and its subsidiaries and the Group's interest in jointly controlled entities.

The results of subsidiary undertakings acquired or disposed of are included in the consolidated income statement from the date of acquisition until the date of disposal. The Company's investments in subsidiaries are stated at cost less any impairment.

The consolidated financial statements include the Group's appropriate share of joint venture undertakings' post tax profits in the consolidated income statement after aligning the accounting policies with those of the Group. Investments in joint venture undertakings are accounted for under the equity method, initially stated at cost and adjusted thereafter for subsequent changes in the Group's share of net assets.

### Revenue and profit recognition

#### New build and planned repairs and refurbishment

Revenue recognised on building activities reflects the value of work performed. The amount of profit attributable to the stage of completion of a contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. The results for the year include adjustments for the outcome of contracts executed in both the current and preceding years. These adjustments arise from claims by customers or third parties in respect of work carried out and claims and variations on customers or third parties for variations on the original contract. Provision for claims against the Group is made as soon as it is believed that a liability will arise. Claims and variations made by the Group are not recognised in the income statement until the outcome is reasonably certain. Where it is foreseen that a loss will arise on a contract, provision for the expected loss is made in the current year.

The principal estimation technique used by the Group in attributing profit on contracts to a particular period is the preparation of forecasts on a contract by contract basis. These focus on revenues and costs to complete and enable an assessment to be made of the final out-turn on each contract.

### Response maintenance

Revenue and profit are recognised on projects which have been completed.

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## Notes to the consolidated financial statements - continued

### Development

Revenue and profit on the Group's development activities are recognised as follows Revenue on the sale of development properties is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the development property This is achieved when legal title is transferred to the buyer If a property is pre-sold and the Group has construction work to complete or rental guarantees in respect of un-let space are outstanding, the Group reviews the nature and extent of its continuing involvement to assess whether it is appropriate to recognise revenue Where the conditions for the recognition of revenue are met but the Group still has significant acts to perform revenue and profit is recognised as the acts are performed

### Goodwill and other intangible assets

All business combinations are accounted for by applying the purchase method In respect of business combinations that have occurred since 1 January 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets, liabilities and contingent liabilities acquired In respect of acquisitions prior to this date, goodwill is included at the carrying amount recorded under UK GAAP at the date of transition

Goodwill is stated at cost less any accumulated impairment losses Goodwill is allocated to cash generating units and is tested annually for impairment and more frequently if there are indications of impairment Any excess of the fair value of net identifiable assets acquired over the cost of an acquisition is recognised directly in the consolidated income statement

Intangible assets other than goodwill acquired by the Group are stated at cost less accumulated amortisation and impairment losses Amortisation is charged over the intangible assets useful economic lives These have been estimated as follows

Brand	between 4 and 5 years
Customer relationships	between 2 and 10 years

Intangible assets are tested for impairment if there are circumstances which indicate that impairment might have arisen

### Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation Depreciation is charged on a straight-line basis so as to write off the cost over their useful economic lives These have been estimated as follows

Leasehold improvements	lower of the remaining life of the lease or 10 years
Plant and machinery	between 4 and 10 years
Office and computer equipment	between 3 and 5 years

### Work in progress

Development work in progress is carried at the lower of cost and net realisable value, net of progress payments Interest charges incurred in respect of development projects are charged to the income statement as incurred

Building work in progress is stated at the lower of cost and net realisable value, less progress payments Cost comprises direct materials, direct labour and subcontractor costs

### Operating leases

Operating lease rentals paid are charged on a straight-line basis to the consolidated income statement in the period to which the rentals relate

### Finance leases

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation The finance charges are allocated over the period of the lease in proportion to the capital element outstanding

### Taxation

Income tax on the profit or loss for the year comprises current tax and deferred tax Income tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in shareholders' equity

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the balance sheet date and any adjustment to tax payable in respect of previous years

**Taxation (continued)**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax relating to charges made directly to equity is recognised in equity.

**Employee benefits**

The Group operates a defined contribution pension scheme 'Rokplan' and contributions to the scheme are charged to the consolidated income statement as incurred.

The Group also has three defined benefit pension schemes which are closed to new members and future service accrual. The assets of the schemes are held separately from those of the Group.

Pension scheme assets are measured using fair values, as at the respective balance sheet dates. Pension scheme liabilities are stated at their present value calculated by discounting at the current rate of return on a high quality corporate bond of equivalent term and currency as the liabilities. The expected return on scheme assets and the increase during the period in the present value of the schemes' liabilities arising from the passage of time are included in other finance charges. Actuarial gains and losses are recognised in equity and presented in the statements of recognised income and expense.

**Share-based payments**

Charges for employee services received in exchange for share-based payments have been made for all options granted after 7 November 2002 in accordance with IFRS 2 Share-Based Payment.

Options granted under the Group's employee share schemes are equity settled. The fair value of such options has been calculated using a stochastic model based upon publicly available market data, and is charged to the consolidated income statement over the vesting period.

Shares purchased and held in trust in connection with the Group's share based incentive schemes are deducted from retained earnings.

**Cash and cash equivalents**

Cash and cash equivalents as stated in the cash flow statement include the Group's cash balances and overdrafts.

**Trade receivables**

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

**Trade payables**

Trade payables are not interest bearing and are stated at their nominal value.

**Dividends**

Dividends are recorded in the Group's financial statements in the period in which they are approved or paid.

**Accounting estimates and judgements**

The key assumptions concerning estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year, relate to revenue and profit recognition, fair value accounting for business combinations and the valuation of defined benefit pension scheme assets and liabilities.

Details on the estimation techniques used for revenue and profit recognition are given within the revenue and profit recognition accounting policy.

Due to the long term nature of the construction industry, initial estimates of working capital for business combinations are established at the time of acquisition. These are reviewed in detail on the acquisition anniversary date and adjustments to the provisional valuations are made where pre-acquisition circumstances had not initially been fully reflected.

In determining the valuation of defined benefit pension scheme assets and liabilities, a number of key assumptions have been made and are detailed in note 25.

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## Notes to the consolidated financial statements - continued

## 2 SEGMENT REPORTING

In the opinion of the directors the Group's core activities comprise of four material business segments being new build, planned repairs and refurbishment, response maintenance and development. This reflects the profiles of the risks, rewards and internal reporting structures within the Group.

All activities were conducted within the United Kingdom and it is the opinion of the directors that this represents one geographical segment.

	New build		Planned repairs and refurbishment		Response maintenance		Development		Group activities		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Segment revenue	526.1	342.0	254.9	191.2	93.7	64.6	72.8	85.8	-	-	947.5	683.6
Share of joint ventures' revenue	-	-	-	-	-	-	2.6	5.7	-	-	2.6	5.7
	526.1	342.0	254.9	191.2	93.7	64.6	75.4	91.5	-	-	950.1	689.3
Segment adjusted operating profit	10.1	5.1	15.0	10.6	5.7	2.8	7.6	9.0	(4.1)	(3.0)	34.3	24.5
Share of post tax results from joint ventures	-	-	-	-	-	-	(0.2)	0.8	-	-	(0.2)	0.8
Intangible asset charges	(2.0)	(0.7)	(0.7)	(0.6)	-	-	(0.7)	-	-	-	(3.4)	(1.3)
Separately disclosed items	-	0.3	-	-	-	-	-	(1.4)	-	-	-	(1.1)
Profit from operations	8.1	4.7	14.3	10.0	5.7	2.8	6.7	8.4	(4.1)	(3.0)	30.7	22.9
Finance costs											(2.4)	(2.9)
Income tax expense											(8.6)	(5.8)
Profit for the year											19.7	14.2

Inter-segment revenue is not material.

## Balance sheet analysis of business segments

	2007			2006		
	Assets £m	Liabilities £m	Net Assets £m	Assets £m	Liabilities £m	Net Assets £m
New build	369.2	(272.8)	96.4	247.0	(212.6)	34.4
Planned repairs and refurbishment	112.0	(73.1)	38.9	70.6	(56.7)	13.9
Response maintenance	32.1	(20.3)	11.8	25.6	(20.1)	5.5
Development	172.9	(81.2)	91.7	143.1	(86.8)	56.3
Development joint ventures	4.6	-	4.6	2.2	-	2.2
Group activities	115.5	(231.6)	(116.1)	113.2	(125.8)	(12.6)
Group eliminations	(348.8)	348.8	-	(229.2)	229.2	-
	457.5	(330.2)	127.3	372.5	(272.8)	99.7

During the year the Company invested £107.2 million in the share capital of subsidiaries (see note 15). This is reflected in the balance sheet analysis of business segments as a reduction in net assets in Group activities with corresponding increases in the net assets of the business segments in which the subsidiaries operate.

## Capital additions and depreciation charges by business segment

	2007		2006	
	Capital additions £m	Depreciation £m	Capital additions £m	Depreciation £m
New build	4.5	3.3	1.3	1.3
Planned repairs and refurbishment	0.7	0.5	0.6	0.5
Response maintenance	0.5	0.6	1.2	0.4
Development	0.1	-	0.1	0.1
Group activities	3.5	0.7	0.9	0.6
	9.3	5.1	4.1	2.9

**3 PROFIT FROM OPERATIONS**

	Group	
	2007	2006
	£m	£m
Profit from operations is stated after charging (crediting)		
Rentals under operating leases	34	23
- Land and buildings	14	11
- Plant and office equipment	156	105
Hire of plant and machinery	12	09
Long term incentive plan awards	51	29
Depreciation of tangible fixed assets	(01)	02
(Profit) loss on disposal of property, plant and equipment	34	13
Amortisation of intangible assets (see notes 4 & 13)	-	(03)
Gain on disposal of investment (see note 5)		
Fees for the audit of the Group	03	03
Fees payable to the Company's auditors for other services		
Tax services	01	02
Corporate finance transactions	01	05

Fees paid to the Company's auditors in respect of the audit of the Group's defined benefit pension schemes (note 25) were £12,000 (2006 £8,000)

Fees paid to the Company's auditors in respect of the audit of the Group's accounts were £58,000 (2006 £50,000), and £241,000 (2006 £212,000) in respect of the audit of the Company's subsidiaries

**4 INTANGIBLE ASSET CHARGES**

	Group	
	2007	2006
	£m	£m
Brand amortisation	04	04
Customer relationships amortisation	23	09
Goodwill impairment	07	-
	34	13

**5 OTHER SEPARATELY DISCLOSED ITEMS**

Gain on disposal of investment	-	03
Settlement with former director	-	(14)
	-	(11)

**6 PERSONNEL EXPENSES**

	Group		Company	
	2007	2006	2007	2006
	£m	£m	£m	£m
Wages and salaries	1260	839	60	58
Social security costs	125	91	07	07
Defined contribution pension scheme	43	31	04	04
Long term incentive plan awards	12	09	09	05
	1440	970	80	74

The average number of people employed during the year was

	Group		Company	
	2007	2006	2007	2006
	Number	Number	Number	Number
Building and maintenance	3,956	2,453	-	-
Development	31	31	-	-
Central administration	118	110	118	110
	4,105	2,594	118	110

## Notes to the consolidated financial statements - continued

## 7 FINANCE COSTS

	Group	
	2007	2006
	£m	£m
<b>Interest</b>		
Interest payable on bank loans and overdrafts	(2 0)	(2 1)
Interest receivable	-	0 2
Interest payable on loan notes	-	(0 2)
<b>Total interest payable</b>	<b>(2 0)</b>	<b>(2 1)</b>
<b>Other finance income</b>		
Expected return on pension scheme assets	4 1	3 1
<b>Other finance charges</b>		
Interest on pension scheme liabilities	(4 5)	(3 9)
<b>Total finance charges</b>	<b>(2 4)</b>	<b>(2 9)</b>

## 8 INCOME TAX EXPENSE

Recognised in the income statement

	Group	
	2007	2006
	£m	£m
<b>Current tax expense</b>		
Current year	7 7	5 5
(Over) under provided in prior years	(0 9)	0 1
	<b>6 8</b>	<b>5 6</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	1 2	0 6
Under (over) provided in prior years	0 6	(0 4)
	<b>1 8</b>	<b>0 2</b>
<b>Total income tax expense in income statement</b>	<b>8 6</b>	<b>5 8</b>

The change in the rate of UK corporation tax from 30% to 28% has not materially affected the current year income tax expense in the income statement. The tax rate adjustment to brought forward actuarial gains and losses recognised directly in equity is a charge of £0.2 million

## Reconciliation of effective tax rate

	Group	
	2007	2006
	£m	£m
<b>Profit before tax</b>	<b>28 3</b>	<b>20 0</b>
Income tax at the UK corporation tax rate of 30% (2006 30%)	8 5	6 0
Share of results of joint ventures	0 1	(0 2)
Disposal of investment	-	(0 1)
Non-deductible expenses	0 3	0 4
Over provided in prior years	(0 3)	(0 3)
	<b>8 6</b>	<b>5 8</b>
<b>Recognised directly in equity</b>		
Tax credit on share based payments	(0 2)	(0 8)

## 9 PROFIT FOR THE FINANCIAL YEAR

The profit of the holding company was £21.9 million (2006 £nil million)

## 10 DIVIDENDS

	Group & Company	
	2007	2006
	£m	£m
Final paid 2006 1.94p (2005 1.65p) per 2p ordinary share	3.3	2.4
Interim paid 2007 1.05p (2006 0.86p) per 2p ordinary share	1.8	1.2
	5.1	3.6

The directors are proposing a final dividend in respect of the financial year ended 31 December 2007 of 2.35p per share which will absorb £4.1 million of shareholders' funds. It will be paid on 9 May 2008 to shareholders on the register of members on 4 April 2008.

## 11 EARNINGS PER SHARE

	2007		2006 Restated*	
	Basic £m	Diluted £m	Basic £m	Diluted £m
Earnings being profit attributable to ordinary shareholders	197	197	142	142
Add intangible asset charges, net of tax	2.6	2.6	0.9	0.9
Add separately disclosed items, net of tax	-	-	0.6	0.6
Adjusted earnings	223	223	157	157
	million	million	million	million
Issued ordinary shares at 1 January	170.8	170.8	143.8	143.8
Effect of shares issued in the year	2.6	2.6	7.0	7.0
Effect of own shares held	(2.0)	(2.0)	(1.1)	(1.1)
Weighted average number of shares	171.4	171.4	149.7	149.7
Effect of share options	-	4.2	-	4.3
Weighted average number of shares used for earnings per share	171.4	175.6	149.7	154.0
	pence	pence	pence	pence
Earnings per share	115	112	94	92
Adjusted earnings per share	130	127	105	102

\* Restated for the 5 for 1 share split (see note 21)

## 12 ACQUISITIONS OF SUBSIDIARIES

During 2007 the Group completed three acquisitions of companies and a further four acquisitions of trade and assets all with building operations.

On 3 May 2007 the Group acquired 100% of the share capital of Barkbury Holdings Limited and its trading subsidiary SOL Construction Limited for a consideration of £21.2 million. As part of the consideration 1,872,305 ordinary shares were issued at a fair value of 218 pence at the date of completion. In the period to 31 December 2007 SOL contributed £1.6 million to the Group consolidated profit before tax.

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## Notes to the consolidated financial statements - continued

## 12 ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

The acquisition after making provisional accounting and fair value adjustments had the following effect on the Group's assets and liabilities

	Book value £m	Accounting and fair value adjustments £m	Deferred tax impact £m	Fair value to Group £m
Property, plant and equipment	15	01	-	16
Inventories	07	(07)	-	-
Trade receivables	131	(36)	-	95
Cash and cash equivalents	104	-	-	104
Deferred tax	-	-	11	11
Trade payables	(189)	02	-	(187)
Net identifiable tangible assets and liabilities	68	(40)	11	39
Provisional intangible assets	-	08	(02)	06
Total identifiable assets and liabilities	68	(32)	09	45
Provisional goodwill on acquisition				167
				212
Discharged by				
Cash consideration				148
Deferred cash consideration held in escrow				20
Rok plc shares				41
Costs of acquisition				03
				212

On 1 October 2007 the Group acquired 100% of the share capital of Avonside Services Group Limited for a consideration of £165 million. As a part of the consideration 2,435,068 ordinary shares were issued at a fair value of 189.2 pence at the date of completion. In the period to 31 December 2007 it contributed £1.0 million to the Group consolidated profit before tax.

The acquisition after making provisional accounting and fair value adjustments had the following effect on the Group's assets and liabilities

	Book value £m	Accounting and fair value adjustments £m	Deferred tax impact £m	Fair value to Group £m
Goodwill	02	-	-	02
Property, plant and equipment	04	01	-	05
Inventories	27	(13)	-	14
Trade receivables	118	16	-	134
Cash and cash equivalents	(03)	-	-	(03)
Interest-bearing loans and borrowings	(21)	-	-	(21)
Trade payables	(88)	(01)	-	(89)
Net identifiable tangible assets and liabilities	39	03	-	42
Provisional intangible assets	-	11	(03)	08
Total identifiable assets and liabilities	39	14	(03)	50
Provisional goodwill on acquisition				115
				165
Discharged by				
Cash consideration				116
Rok plc shares				46
Costs of acquisition				03
				165

During 2007 the Group made five further acquisitions

	Date	Share capital / trade & assets
S Harrison Construction Limited	3 September	100% share capital
Aquila Inspection and Reinstatement Services Limited	17 September	trade & assets
EMB Services Limited	31 January	trade & assets
Thompsons (of Ayr) Construction Limited	17 May	trade & assets
Logie Building Services	11 April	trade & assets

As part of the aggregate consideration of £79 million 360,412 ordinary shares were issued at a fair value of 228 pence at the date of completion. In the period to 31 December 2007 these acquisitions contributed £0.8 million to the Group consolidated profit before tax.

These acquisitions after making provisional accounting and fair value adjustments had the following effect on the Group's assets and liabilities

	Book value £m	Accounting and fair value adjustments £m	Deferred tax impact £m	Fair value to Group £m
Property, plant and equipment	0.5	-	-	0.5
Inventories	0.3	-	-	0.3
Trade receivables	6.3	(3.5)	-	2.8
Cash and cash equivalents	3.0	-	-	3.0
Trade payables	(7.3)	2.1	-	(5.2)
Net identifiable tangible assets and liabilities	2.8	(1.4)	-	1.4
Provisional intangible assets	-	0.4	(0.1)	0.3
Total identifiable assets and liabilities	2.8	(1.0)	(0.1)	1.7
Provisional goodwill on acquisition				6.2
				7.9
Discharged by				
Cash consideration				6.7
Rok plc shares				0.8
Costs of acquisition				0.3
Deferred consideration				0.1
				7.9

If all acquisitions had been part of the Group since 1 January 2007, the Group would have reported a revenue of £1,037.3 million and a profit after tax of £22.0 million.

During 2006 the Group made three acquisitions. On 18 July 2006 the Group acquired Kingfisher Limited for a total consideration of £4.5 million. On 4 October 2006 the Group acquired 100% of the share capital of the following entities for consideration of £31.3 million:

Tulloch Construction Group Limited  
 Tulloch Transport Limited  
 Tulloch Prime Contracting Limited  
 Tulloch Civil Engineering Limited  
 LAS Plant Limited  
 Corrie Group Limited and its subsidiaries Corrie Painting and Decorating Limited, Corrie Electrical Services Limited, Corrie Electrical Services (Glasgow) Limited, Corrie Plumbing and Heating Limited, Corrie Plumbing and Heating (Glasgow) Limited and Corrie Building Services Limited.

On 15 November 2006 the Group acquired KM Construction Services Limited for a total consideration of £0.2 million.

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## Notes to the consolidated financial statements - continued

## 12 ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

The acquisitions, after making provisional accounting and fair value adjustments had the following effect on the Group's assets and liabilities in 2006

	Book value £m	Accounting and fair value adjustments £m	Deferred tax impact £m	Fair value to Group £m
Property plant and equipment	83	-	-	83
Investments	02	-	-	02
Inventories	69	(16)	-	53
Trade receivables	141	-	-	141
Cash and cash equivalents	117	-	-	117
Finance lease obligations	(48)	-	-	(48)
Employee benefits	(24)	-	-	(24)
Deferred tax asset	07	-	-	07
Trade payables	(328)	12	01	(315)
Net identifiable tangible assets and liabilities	19	(04)	01	16
Provisional intangible assets	-	65	(20)	45
Total identifiable assets and liabilities	19	61	(19)	61
Provisional goodwill on acquisition				313
				<b>374</b>
Discharged by				
Cash consideration				26
Rok plc shares				324
Costs of acquisition				14
Deferred consideration				10
				<b>374</b>

The provisional fair values attributed to the tangible assets and liabilities of each of these businesses were reassessed at the anniversary date of each acquisition. Changes between the provisional fair values of the net assets acquired as at 31 December 2006 and the anniversary date are stated below. Comparative balances for 2006 have been restated to reflect these reassessments. The adjustments do not have a material impact on the 2006 income statement.

	£m
Fair value of identifiable assets and liabilities at 31 December 2006	61
Re-assessment of value attributed to brand	(24)
Re-assessment of debtors work in progress and liabilities	(31)
Deferred tax	16
Final fair value of identifiable assets and liabilities at 31 December 2007	<b>22</b>

Due to the long term nature of the construction industry initial estimates of working capital are established at the time of acquisition. These are reviewed in detail on the acquisition anniversary date and adjustments to the provisional valuations are made where pre-acquisition circumstances had not initially been fully reflected. During the year the royalty rates used in the calculation of provisional fair values attributed to brands have been re-assessed. This has resulted in a reduction in the value attributed to brands of £2.4 million before deferred tax with a corresponding increase in goodwill. During the year the financial effect of the utilisation of fair value adjustments was £1.5 million (2006 £1.0 million). During the year the financial effect of the release of fair value adjustments was £1.2 million (2006 £1.0 million).

On all acquisitions, the difference remaining between the acquisition cost and the fair value of identifiable net assets represents a combination of the value of the workforce acquired and future expected cash flows not included within the customer relationships or brand. The value of such intangible assets is not separately identifiable and therefore has been treated as goodwill.

## 13 INTANGIBLE ASSETS

	Goodwill £m	Brand £m	Group Intangibles Customer relationships £m	Total £m
<b>Cost</b>				
Balance at 1 January 2006	397	10	44	451
Acquisitions	313	38	27	378
Balance at 31 December 2006 as previously reported	710	48	71	829
Prior year adjustment (note 12)	39	(24)	-	15
As at 31 December 2006 as restated	749	24	71	844
Acquisitions	346	-	23	369
Balance at 31 December 2007	1095	24	94	1213
<b>Amortisation and impairment losses</b>				
Balance at 1 January 2006	-	01	03	04
Intangible asset charges	-	04	09	13
Balance at 31 December 2006	-	05	12	17
Intangible asset charges	07	04	23	34
Balance at 31 December 2007	07	09	35	51
<b>Carrying amount</b>				
At 1 January 2006	397	09	41	447
At 31 December 2006	749	19	59	827
At 31 December 2007	1088	15	59	1162

During 2007 the Group completed seven acquisitions, five of which gave rise to goodwill and intangible assets as stated below

	Goodwill £m	Customer relationships £m	Total £m
Barkbury Holdings Limited	167	08	175
Avonside Services Group Limited	117	11	128
S Harrison Construction Limited	31	04	35
Aquilo Inspection and Reinstatement Services Limited	28	-	28
EMB Services Limited	03	-	03
	<b>346</b>	<b>23</b>	<b>369</b>

The following useful lives have been determined for the intangible assets acquired during the year

Customer relationships 2 - 3 years

**Goodwill**

Goodwill acquired on business combinations is allocated, at acquisition, to the cash generating unit (CGU) which is expected to benefit from that business combination. The carrying value of goodwill is included within each of the segments in the net asset analysis in note 2 and has been allocated as follows

	2007 £m	Group Restated* 2006 £m
New build	896	579
Planned repairs and refurbishment	81	81
Response maintenance	72	43
Development	39	46
	<b>1088</b>	<b>749</b>

\* See note 12

## Notes to the consolidated financial statements - continued

**13 INTANGIBLE ASSETS (CONTINUED)**

The Group tests goodwill annually for impairment as part of the budgeting process and more frequently if there are indications that goodwill might be impaired

During the year there have been indications of impairment to the goodwill allocated to Development. Accordingly the goodwill has been tested and written down by £0.7 million. This is reflective of the Group continuing to reduce its exposure to commercial property development.

The recoverable amounts for each CGU are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the growth rates, discount rates and expected changes in profit margins during the period. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management and extrapolates cash flows using a perpetual growth rate of 2.0%. The rate does not exceed the average long term growth rate for the relevant markets. The rate used to discount the forecast cash flows is the Group's estimated weighted average cost of capital of 8.7%. Changes in profit margins are based upon past experience and any expected future changes in the market.

**14 PROPERTY, PLANT AND EQUIPMENT**

	Group			Company	
	Leasehold improvements £m	Plant and machinery £m	Office and computer equipment £m	Total £m	Total £m
<b>Cost</b>					
Balance at 1 January 2006	33	02	87	122	36
Additions	09	03	29	41	17
Acquisitions	04	102	13	119	-
Disposals	(03)	(18)	(11)	(32)	(01)
Transfer to subsidiary	-	-	-	-	(22)
Balance at 31 December 2006	43	89	118	250	30
Additions	26	31	36	93	35
Acquisitions	01	59	08	68	-
Disposals	(05)	(12)	(28)	(45)	(09)
Balance at 31 December 2007	65	167	134	366	56
<b>Depreciation and impairment losses</b>					
Balance at 1 January 2006	09	02	37	48	10
Depreciation charge for the year	04	04	21	29	08
Acquisitions	01	34	01	36	-
Disposals	(02)	(08)	(11)	(21)	(01)
Transfer to subsidiary	-	-	-	-	(04)
Balance at 31 December 2006	12	32	48	92	13
Depreciation charge for the year	05	24	22	51	06
Acquisitions	-	36	06	42	-
Disposals	(01)	(12)	(19)	(32)	(03)
Balance at 31 December 2007	16	80	57	153	16
<b>Carrying amount</b>					
At 1 January 2006	24	-	50	74	26
At 31 December 2006	31	57	70	158	17
At 31 December 2007	49	87	77	213	40

Included in the net book value of tangible fixed assets are assets held under finance leases and hire purchase contracts amounting to £3.6 million (2006 £4.8 million). These assets contributed £0.8 million to the depreciation charge for the year. Substantially all of the assets held under finance leases and hire purchase contracts at 31 December 2006 related to the Tulloch Construction Group acquisition on 4 October 2006. These assets contributed £0.2 million to the depreciation charge in 2006.

## 15 INVESTMENTS

	Joint ventures £m	Group Investments £m	Total £m	Company Shares in subsidiaries £m
At 1 January 2006	18	02	20	393
Additions	13	-	13	855
Joint venture distribution	(17)	-	(17)	-
Share of post tax profits	08	-	08	-
Impairment	-	-	-	(185)
Disposals	-	(02)	(02)	(388)
At 1 January 2007	22	-	22	675
Additions	33	-	33	1494
Joint venture distribution	(07)	-	(07)	-
Share of post tax losses	(02)	-	(02)	-
Disposals	-	-	-	(424)
At 31 December 2007	46	-	46	1745

## Joint ventures

During the year the group acquired a 50 per cent interest in a joint venture Rok Development Solutions Limited, with entitlement to 80 per cent of recognised profits and losses. The Group now has a 50 per cent interest in four joint ventures, Rokval (Exeter) Limited (previously Rokscar Limited), Rokval (Bournemouth) Limited (previously SDG (Bournemouth) Limited), Milln Gate Rok Development Alton Limited and Rok Development Solutions Limited whose principal activities are the development of commercial property. All are incorporated in England and Wales.

The Group's share of the net assets and net profits of the joint ventures were as follows:

	Group					Group				
	2007		2006			2007		2006		
	Rokval (Exeter) Limited £m	Rokval (Bournemouth) Limited £m	Milln Gate Rok Development Alton Limited £m	Rok Development Solutions Limited £m	Total £m	Rokval (Exeter) Limited £m	Rokval (Bournemouth) Limited £m	Milln Gate Rok Development Alton Limited £m	Total £m	
Current assets	34	22	14	68	138	29	20	13	62	
Current liabilities	(26)	(12)	-	(54)	(92)	(27)	(13)	-	(40)	
Net assets	08	10	14	14	46	02	07	13	22	
Revenue	25	-	01	-	26	57	-	-	57	
Expenses	(24)	-	-	(04)	(28)	(48)	(01)	-	(49)	
Net profit (loss)	01	-	01	(04)	(02)	09	(01)	-	08	

## Shares in subsidiaries

During the year the Company invested £107.2 million in the share capital of existing subsidiaries.

During the year the Company has disposed of investments in subsidiaries to another subsidiary at market value.

## 16 DEFERRED TAX ASSETS AND LIABILITIES

## Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Group		Net	
	2007	2006	2007	2006	2007	2006
	£m	Restated* £m	£m	£m	£m	Restated* £m
Property, plant and equipment	02	04	(05)	(01)	(03)	03
Intangible assets	-	-	(21)	(31)	(21)	(31)
Inventories	-	-	(03)	(05)	(03)	(05)
Employee benefits – Defined benefit pension schemes	31	65	-	-	31	65
Employee benefits – Long term incentive plan awards	09	12	-	-	09	12
Fair value provisions	17	25	-	-	17	25
Losses	-	01	-	-	-	01
Net deferred tax assets (liabilities)	59	107	(29)	(37)	30	70

\* See note 12

## Notes to the consolidated financial statements - continued

## 16 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

	Assets		Company Liabilities		Net	
	2007	2006	2007	2006	2007	2006
	£m	£m	£m	£m	£m	£m
Property plant and equipment	-	-	(02)	(02)	(02)	(02)
Employee benefits – Defined benefit pension schemes	31	65	-	-	31	65
Employee benefits – Long term incentive plan awards	09	12	-	-	09	12
Net deferred tax assets (liabilities)	40	77	(02)	(02)	38	75

## Movement in temporary differences during the year

	Property plant and equipment	Intangible assets	Inventories	Group			Losses	Total
				Defined benefit pension schemes	Long term incentive plan awards	Fair value provisions		
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2006	-	(15)	(06)	85	01	19	01	85
Recognised in income	03	04	01	(07)	03	(14)	-	(10)
Recognised in equity	-	-	-	(20)	08	-	-	(12)
Arising on acquisitions*	-	(20)	-	07	-	20	-	07
Balance at 31 December 2006	03	(31)	(05)	65	12	25	01	70
Recognised in income	(06)	10	02	(09)	01	(15)	(01)	(18)
Recognised in equity	-	-	-	(25)	(04)	-	-	(29)
Arising on acquisitions	-	-	-	-	-	07	-	07
Balance at 31 December 2007	(03)	(21)	(03)	31	09	17	-	30

\* Restated – see note 12

	Property, plant and equipment	Company		Total
		Defined benefit pension schemes	Long term incentive plan awards	
	£m	£m	£m	£m
Balance at 1 January 2006	(01)	39	01	39
Recognised in income	(01)	46	04	49
Recognised in equity	-	(20)	07	(13)
Balance at 31 December 2006	(02)	65	12	75
Recognised in income	-	(09)	01	(08)
Recognised in equity	-	(25)	(04)	(29)
Balance at 31 December 2007	(02)	31	09	38

## 17 INVENTORIES

	Group	
	2007	2006
	£m	£m
Commercial development land and work in progress	326	445
Building work in progress	79	64
Other stock	16	07
	421	516

## 18 CONSTRUCTION CONTRACTS

Contracts in progress at the balance sheet date comprise cumulative costs incurred plus recognised profits less losses of £2.4 million (2006 £1.8 million) less cumulative progress billings received and receivable of £2.4 million (2006 £1.7 million)

The net balance is analysed into assets and liabilities as follows

	Group	
	2007	2006
	£m	£m
Contracts in progress at the balance sheet date		
Construction trade receivables included within trade and other receivables (note 19)	547	526
Payments on account included within trade and other payables (note 27)	(150)	(73)
	397	453

## 19 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007	Restated* 2006	2007	2006
	£m	£m	£m	£m
Construction trade receivables	54.7	52.6	-	-
Other trade receivables	86.3	56.2	-	-
Retentions	33.7	26.1	-	-
Amounts owed by group undertakings	-	-	24.3	24.9
Non-trade receivables	5.2	4.6	1.3	0.8
Prepayments and accrued income	44.5	25.8	2.2	2.5
	<b>224.4</b>	<b>165.3</b>	<b>27.8</b>	<b>28.2</b>

\* See note 12

## 20 CASH AND NET DEBT

	Group		Company	
	2007	2006	2007	2006
	£m	£m	£m	£m
Bank balances	43.0	44.2	-	32.3
Bank overdrafts	-	(1.5)	-	-
Cash and cash equivalents in the cash flow statements	43.0	42.7	-	32.3
Non-current interest bearing loans and borrowings	(45.7)	(26.6)	(80.6)	-
Current interest bearing loans and borrowings	(2.6)	(4.5)	-	(2.4)
Net (debt) cash	(5.3)	11.6	(80.6)	29.9

Reconciliation of net cash flow to movement in net debt.

Increase in cash and cash equivalents in the year	0.3	13.6	(32.3)	16.9
Cash (inflow) outflow from change in debt	(15.1)	18.0	(78.2)	2.6
Change in net debt resulting from cash flows	(14.8)	31.6	(110.5)	19.5
Debt acquired	(2.1)	(4.8)	-	-
Movement in net debt	(16.9)	26.8	(110.5)	19.5
Net cash (debt) at 1 January	11.6	(15.2)	29.9	10.4
Net (debt) cash at 31 December	(5.3)	11.6	(80.6)	29.9

## 21 CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves

	Group & Company			Group	Company
	Share capital	Share premium	Other reserves	Retained earnings	Retained earnings
	£m	£m	£m	£m	£m
Balance at 31 December 2005 as previously reported	2.9	26.7	5.6	16.1	9.1
Prior year adjustment*	-	(9.3)	9.3	-	-
Balance at 31 December 2005 as restated	2.9	17.4	14.9	16.1	9.1
Profit for the year	-	-	-	14.2	-
Other recognised gains	-	-	-	4.6	4.6
Dividends	-	-	-	(3.6)	(3.6)
Exercise of options	-	0.1	-	-	-
Scrp dividend	-	0.2	-	-	-
Purchase of own shares held	-	-	-	(0.1)	(0.1)
Share based payments charge	-	-	-	0.9	0.9
Tax on share based payments	-	-	-	0.8	0.8
Shares issued for acquisitions	0.5	-	31.9	-	-
Placing and other fees charged to merger reserve	-	-	(1.1)	-	-
Balance at 31 December 2006 as restated	3.4	17.7	45.7	32.9	11.7
Profit for the year	-	-	-	19.7	21.9
Other recognised gains	-	-	-	5.1	5.1
Dividends	-	-	-	(5.1)	(5.1)
Scrp dividend	-	0.5	-	-	-
Purchase of own shares held	-	-	-	(3.5)	(3.5)
Share based payments charge	-	-	-	1.2	1.2
Tax on share based payments	-	-	-	0.2	0.2
Shares issued for acquisitions	0.1	-	9.4	-	-
Balance at 31 December 2007	3.5	18.2	55.1	50.5	31.5

## Notes to the consolidated financial statements - continued

**21 CAPITAL AND RESERVES (CONTINUED)**

At 31 December 2007 the issued share capital comprised 176 579 016 ordinary shares (31 December 2006\*\* 170 757 535) with a par value of 2p. The authorised share capital at both 31 December 2007 and 31 December 2006\*\* comprised 412,500,000 ordinary shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

\* The premium on shares issued for acquisitions has been restated from share premium to a separate merger reserve shown within other reserves as merger relief under section 131 of the Companies Act 1985 should have applied to the issue of such shares. Other reserves consist of a merger reserve and a capital redemption reserve.

\*\* After restating for the 5 for 1 share split approved by shareholders at the Annual General Meeting on 3 May 2007.

Own shares held have been reclassified to be shown as a deduction from retained earnings. At 1 January 2006 £nil million has been reclassified (31 December 2006 £0.1 million).

**Issued ordinary shares**

The following table shows the movement in ordinary shares.

	Group & Company	
	2007	2006
	million	million
At 1 January	170.8	143.8
Acquisition consideration	4.7	25.9
Share options	0.9	0.9
Scrp dividend	0.2	0.2
	176.6	170.8

**22 INTEREST-BEARING LOANS AND BORROWINGS****Non-current liabilities**

	Group	
	2007	2006
	£m	£m
Bank loans	44.8	24.8
Obligations under finance leases	0.9	1.8
	45.7	26.6

	Company	
	2007	2006
	£m	£m
Bank loans	80.6	-

The bank loans are drawn under a 3 year revolving credit facility expiring in 2010.

**Current liabilities**

	Group	
	2007	2006
	£m	£m
Loan notes	-	2.4
Obligations under finance leases	1.6	2.1
Bank loans	1.0	-
	2.6	4.5

	Company	
	2007	2006
	£m	£m
Loan notes	-	2.4

The loan notes were issued as part consideration for the acquisition of Morrow Holdings Limited and were repaid in full during the year.

## 23 OBLIGATIONS UNDER FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2007	2006	2007	2006
	£m	£m	£m	£m
Amounts payable under finance leases				
Within one year	16	19	16	18
In the second to fifth years inclusive	10	23	09	21
Less future finance charges	(0.1)	(0.3)	n/a	n/a
Present value of lease obligations	25	39	25	39
Less amount due for settlement within 12 months (shown within current liabilities)			(1.6)	(2.1)
Amount due for settlement after 12 months			0.9	1.8

The average lease term is 3 years. For the year ended 31 December 2007 the average effective borrowing rate was 6.75%. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in sterling. The fair value of the Group's lease obligations approximates to their carrying amount. The Group's obligations under finance leases are secured by the lessors' charges over the leased assets.

## 24 FINANCIAL ASSETS AND LIABILITIES

The Group's main financial instruments comprise bank loans, cash at bank and short term debtors and creditors. It continues to be the Group's policy not to engage in speculative arrangements or to trade in complex financial instruments. All the Group's activities take place in the United Kingdom. The principal purpose of the Group's financial instruments is to raise finance for the Group's operations. Whilst building activities are cash generative, the development and maintenance activities are cash consumptive.

**Capital management**

The Group's policy is to maintain a strong capital base. The Group finances its operations through retained earnings, bank borrowings and the management of working capital. Acquisitions are funded through both issue of equity and bank borrowings. The Group purchases its own shares on the market which are held in trust and are intended to be used for issuing shares under the Group's share based incentive schemes. The Group intends to continue to follow its policy of increasing dividends to ordinary shareholders broadly in line with EPS growth.

**Management of financial risk**

The Group considers its major financial risks to be liquidity risk, interest rate risk and credit risk.

**Liquidity risk**

It is Group policy that funding required by subsidiary companies is provided through the Group's centralised banking facilities. At 31 December 2007 the Group had net debt of £5.3 million (2006 net cash of £11.6 million). At the year end, the Group had £48.2 million (2006 £68.1 million) of available cash balances and undrawn committed bank borrowing facilities available.

**Interest rate risk**

The Group's policy is to accept a degree of interest rate risk as long as the effect of interest rate changes remains within certain parameters. The Group does not currently enter into any arrangements that fixes, caps or collars the rate of interest on any portion of debt. All borrowings are at floating rates and interest payments are made quarterly.

**Credit risk**

The plc finance team is responsible for managing the Group's exposure with banks and other institutions. It is Group policy that transactions are only permitted with approved counter parties and dealing limits take account of ratings provided by the major credit rating agencies. Credit risk is monitored by management from the date of entering into transactions with approved counter parties to the date of settlement.

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**24 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

The Group's financial assets and liabilities excluding short term debtors and creditors and the weighted average interest rate during the year then ended all of which are denominated in sterling, were as follows

	2007		2006	
	Weighted average interest rate %	Total £m	Weighted average interest rate %	Total £m
Overdrafts	n/a	-	5.65	(1.5)
Loan notes	n/a	-	5.77	(2.4)
Bank loans	6.52	(45.8)	5.65	(24.8)
Obligations under finance leases	6.75	(2.5)	6.75	(3.9)
		(48.3)		(32.6)
Cash at bank		43.0		44.2
Net (debt) cash		(5.3)		11.6

The Group's only financial assets are its trade receivables. The ageing of trade receivables at the reporting date was

	Group	
	2007 £m	2006 £m
Not past due date	63.1	41.2
Past due date 0-90 days	21.7	11.7
More than 90 days overdue	3.2	4.4
	88.0	57.3
Provision	(1.7)	(1.1)
Other trade receivables (see note 19)	86.3	56.2

The Group's provision for impairment in respect of trade receivables is based upon specific circumstances of each transaction at the reporting date. Included within trade receivables at the year end is £23.2 million (2006 £15.0 million) which is past the due date but not provided for. Management has no indication that these amounts will be irrecoverable.

The movement in the provision during the year was as follows

Balance at 1 January	1.1	1.1
Acquired	0.4	0.3
Recognised in profit and loss	0.2	(0.3)
Balance at 31 December	1.7	1.1

The fair value of the Group's financial assets and liabilities including short term debtors and creditors is not considered to be materially different from their book values.

**25 DEFINED BENEFIT PENSION SCHEMES**

The Group participates in three defined benefit pension schemes: the Rok property solutions Group scheme (RPSGS), the Llewellyn Group scheme (LGS) and Stanplan F – Rok plc (SFR) (formerly Stanplan F – Tulloch Limited). All schemes are closed to new members and to future service accruals.

**Liability for defined benefit obligations**

	Group & Company	
	2007 £m	2006 £m
Present value of defined benefit obligations	(82.2)	(88.0)
Fair value of scheme assets	71.2	66.5
Recognised liability for defined benefit obligations	(11.0)	(21.5)
Deferred tax asset	3.1	6.5
Net liability for defined benefit obligations	(7.9)	(15.0)

## Movements in the present value of defined benefit obligations

	Group		Company	
	2007 £m	2006 £m	2007 £m	2006 £m
At 1 January	(88 0)	(78 9)	(88 0)	(34 0)
New schemes opening position at date of transfer	-	(12.2)	-	(57 1)
Interest cost	(4 5)	(3 9)	(4 5)	(3 9)
Benefit paid	2 8	2 1	2 8	2 1
Actuarial gains	7 5	4 9	7 5	4 9
At 31 December	(82 2)	(88 0)	(82 2)	(88 0)

## Movements in the fair value of scheme assets

At 1 January	66 5	50 7	66 5	21 0
New schemes opening position at date of transfer	-	9 8	-	39 5
Expected return on scheme assets	4 1	3 1	4 1	3 1
Contributions from the sponsoring companies	3 3	3 3	3 3	3 3
Benefits paid	(2 8)	(2 1)	(2 8)	(2 1)
Actuarial gains	0 1	1 7	0 1	1 7
At 31 December	71 2	66 5	71 2	66 5

## Net finance charge (note 7)

	Group & Company	
	2007 £m	2006 £m
Expected return on schemes assets	4 1	3 1
Interest on liabilities	(4 5)	(3 9)
	(0 4)	(0 8)

## Income recognised in the statements of recognised income and expense

Actuarial gains	7 6	6 6
Deferred tax	(2 3)	(2 0)
	5 3	4 6

## Actuarial assumptions

Principal actuarial assumptions at the balance sheet date expressed as weighted averages where applicable

	Group & Company	
	2007	2006
Discount rate	5 8%	5 2%
Future salary increases (LGS scheme only)	3 9%	3 6%
Inflation assumption	3 4%	3 1%
Mortality tables	1992 (PMA and PFA)	1992 (PMA and PFA)

## Scheme assets

	Group & Company			
	Return at 31 December 2007	Value at 31 December 2007 £m	Return at 31 December 2006	Value at 31 December 2006 £m
Equities	7 6%	45 4	7 0%	42 5
Bonds	5 8%	7 8	5 2%	7 4
Fixed Interest	5 3%	12 2	4 5%	11 5
Index linked	5 3%	5 0	4 5%	4 6
Property	n/a	0 1	n/a	0 1
Cash	5 5%	0 7	5 0%	0 4
Total market value of assets		71 2		66 5

The actual return on Group & Company scheme assets was £4 2 million (2006 £4 8 million)

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## Notes to the consolidated financial statements - continued

**25 DEFINED BENEFIT PENSION SCHEMES (CONTINUED)**

The differences between previous actuarial assumptions and what has actually occurred, known as experience adjustments, are as follows

	2007 £m	2006 £m	2005 £m	2004 £m	2003 £m
<b>Group</b>					
Present value of defined benefit obligations	(82.2)	(88.0)	(78.9)	(66.7)	(60.3)
Fair value of scheme assets	71.2	66.5	50.7	41.5	36.2
Deficit in the schemes	(11.0)	(21.5)	(28.2)	(25.2)	(24.1)
Experience adjustments on scheme liabilities					
Amount	0.0	0.0	0.7	(1.7)	1.9
Percentage of scheme liabilities	0.0%	0.0%	0.9%	2.5%	3.2%
Experience adjustments on scheme assets					
Amount	0.1	1.7	5.0	1.4	2.7
Percentage of scheme assets	0.1%	2.6%	9.9%	3.4%	7.5%
<b>Company</b>					
Present value of defined benefit obligations	(82.2)	(88.0)	(34.0)	(27.9)	(26.4)
Fair value of scheme assets	71.2	66.5	21.0	17.6	15.8
Deficit in the schemes	(11.0)	(21.5)	(13.0)	(10.3)	(10.6)
Experience adjustments on scheme liabilities					
Amount	0.0	0.0	0.4	(0.1)	(0.1)
Percentage of scheme liabilities	0.0%	0.0%	1.2%	0.4%	0.4%
Experience adjustments on scheme assets					
Amount	0.1	1.7	2.0	0.6	1.0
Percentage of scheme assets	0.1%	2.6%	9.5%	3.4%	6.3%

The estimated amounts of contributions expected to be paid to the three defined benefit schemes during the 2008 financial year is £3.6 million

**26 EQUITY COMPENSATION BENEFITS****Option Schemes**

The Company operates an approved Long Term Incentive Plan (LTIP) and also has an approved Save as You Earn Scheme. Further details of the schemes can be found in the remuneration report on pages 54 and 55

Options over 4,040,546 ordinary shares were outstanding at 31 December 2007 as follows

	Date of grant	Option price	Shares under option	Exercisable between
Sharesave scheme	30 August 2001	22.9p	52,935	01.11.04 & 30.04.09
LTIP Scheme 2001	17 April 2001	-	135,950	From 16.04.04
LTIP Scheme 2002	11 March 2002	-	67,130	From 10.03.05
LTIP Scheme 2003	17 April 2003	-	131,427	From 16.04.06
LTIP Scheme 2003	6 October 2003	-	2,500	From 05.10.06
LTIP Scheme 2004	26 April 2004	-	449,613	From 25.04.07
LTIP Scheme 2004	8 October 2004	-	15,477	From 07.10.07
LTIP Scheme 2005	28 April 2005	-	790,245	From 27.04.08
LTIP Scheme 2005	23 November 2005	-	35,600	From 22.11.08
LTIP Scheme 2006	4 May 2006	-	1,180,885	From 03.05.09
LTIP Scheme 2006	17 August 2006	-	40,420	From 16.08.09
LTIP Scheme 2007	6 March 2007	-	820,145	From 05.03.10
Deferred Bonus Scheme 2007	6 March 2007	-	282,810	06.03.10 & 06.09.10
LTIP Scheme 2007	3 October 2007	-	35,409	From 02.10.10

	2007 No	2007 Weighted average option price pence	2006 No	2006 Weighted average option price pence
Options outstanding at 1 January	3,876,805	08	3,065,870	55
Options issued	1,138,364	-	1,338,365	-
Options exercised	(1,297,850)	-	(749,380)	157
Options lapsed	(69,721)	-	(212,770)	02
Changes in share option scheme performance conditions	392,948	-	434,720	-
Options outstanding at 31 December	4,040,546	03	3,876,805	08
Exercisable at the end of the period	773,435	16	1,143,780	27

During the year, 863,620 options in the LTIP scheme 2002 were exercised at a weighted average market price of £1.94 per share, 324,230 options in the LTIP scheme 2004 were exercised at a weighted average market price of £2.34 per share and 110,000 options in the Executive share option scheme were exercised at a weighted average market price of £1.94 per share. The Group received proceeds of £18,260 in respect of the 110,000 options exercised in the Executive share option scheme.

A stochastic model has been used to value the awards set out below.

Dates of grant	LTIP Scheme 2007		LTIP Scheme 2006	
	3 October 2007	6 March 2007	17 August 2006	4 May 2006
Number of options granted	35,409	820,145	40,420	1,297,945
Weighted average fair value at date of grant (per option)	£0.89	£0.70	£0.33	£0.24
Weighted average share price on date of grant	£1.94	£1.77	£1.22	£1.16
Weighted average exercise price	Nil	Nil	Nil	Nil
Expected term (from date of grant)	3 years	3 years	3 years	3 years
Expected volatility	32%	24%	24.0%	24.0%
Expected dividends	1.5%	1.6%	2.1%	2.1%
Risk-free interest rate	5.2%	5.2%	4.9%	4.8%

Expected volatility was determined by calculating historical volatility of the Group's share price in the three years prior to the date of grant.

## 27 TRADE AND OTHER PAYABLES

	Group Restated*		Company	
	2007 £m	2006 £m	2007 £m	2006 £m
Payments on account	150	73	-	-
Trade payables	854	846	03	30
Amounts owed to group undertakings	-	-	56	284
Non-trade payables	119	126	03	02
Accruals and deferred income	1495	1069	40	32
	2618	2114	102	348

\* See note 12.

## 28 OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2007 £m	2006 £m
Less than one year	61	41
Between one and five years	167	103
More than five years	170	123
Less rental income from subleases	(25)	(09)
	373	258

Operating lease payments represent rentals payable by the Group for properties, plant and machinery and vehicles.

## Notes to the consolidated financial statements - continued

**29 CONTINGENCIES****OFT investigation**

As part of the Office of Fair Trading's (OFT) ongoing and wide ranging review on tender activity in the construction sector two subsidiaries within the Group have received enquiries from the OFT in respect of a small number of tenders which relate to periods prior to their acquisition by the Group. Appropriate warranties and indemnities were obtained at the time of the respective acquisitions and both subsidiaries are cooperating fully with the OFT in their investigation. Taking account of the warranties and indemnities obtained we do not expect the outcome of the OFT investigation to have a material adverse effect on the Group's financial position or results.

**Group guarantees**

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

**Performance bonds**

There are contingent liabilities in respect of performance bonds entered into in the normal course of business.

**30 RELATED PARTIES****Identity of related parties**

The Company has a controlling related party relationship with its subsidiary companies (see note 31). The Group also has a related party relationship with its joint ventures (see note 15), with its directors and key management personnel and with the Tulloch Limited group of companies.

**Transactions with directors**

Directors of the Company and their immediate relatives control 0.5 per cent of the voting shares of the Company.

During the year the Group companies entered into the following transactions, all of which were on an arms length basis, with directors and their related companies:

	Provision of goods and services		Amounts owed by related party at 31 December	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
<b>Directors</b>				
Chris Bailey	21	-	-	-
Sue Moore	2	-	2	-
John Samuel	21	-	-	-
Garvis Snook	128	-	-	-
<b>Related companies*</b>				
Tulloch Limited	-	-	-	(1 163)
Tulloch Homes Group Limited	10,759	2,379	947	1 308
Tulloch Homes Express Limited	2,751	1,459	207	304
Slackbuie Limited	1,055	62	120	15
Duncraggie Limited	167	-	-	-
Argyll & Sutherland Properties Limited	25	363	6	423
Home Farms Limited	21	-	-	-

\* All of these companies are related parties of the Group as David Sutherland, a non-executive director of Rok plc during the year, holds a controlling interest in Inverness Holdings Limited the parent company of these companies.

**Remuneration of key management personnel**

The Group's executive team who are the key management personnel of the Group is comprised of four executive directors. Their remuneration is set out in aggregate below. Further information is provided in the audited part of the directors' remuneration report on pages 56 to 59.

	2007 £m	2006 £m
Short term employee benefits	2.3	2.0
Other long term benefits	1.5	0.3
Post employment benefits	0.1	0.1
	3.9	2.4

**Other related party transactions****Subsidiaries**

During the year, the Company provided administrative services to subsidiary undertakings totalling £11.2 million (2006 £8.8 million). At 31 December 2007 the Company was due £13.0 million from its subsidiary undertakings (2006 owed £11.3 million). Amounts due are repayable on demand and are not interest bearing.

**Joint ventures**

During the year, joint ventures purchased goods and services from the Group in the amount of £6.1 million (2006 £2.5 million) and at 31 December 2007 joint ventures owed the Group £nil million (2006 £1.4 million). Transactions with joint ventures are priced on an arm's length basis. During the year ended 31 December 2007 the Group received a dividend of £0.7 million (2006 £nil million) from joint venture companies.

**Parent company guarantees**

Guarantees for performance are given by the Company in the normal course of business in support of subsidiary companies. The Company has also provided composite guarantees to bankers and bondsmen in respect of the liabilities of certain subsidiaries in recognition of banking and bond arrangements respectively arising in the normal course of business. Support varies from time to time and as a result it is not practicable to quantify the total potential exposure at any one point in time. No liability is expected to arise under these guarantees.

**31 GROUP ENTITIES**

The principal wholly owned subsidiaries, affecting the results for the year and the net assets of the Group are as follows:

Significant subsidiaries	Registered
Rok Building Limited	England and Wales
Rok Development Limited	England and Wales
SOL Construction Limited	England and Wales
Avonside Electrical Services (North East) Limited	England and Wales
Avonside Plumbing & Heating (North West) Limited	England and Wales
Avonside Plumbing & Heating (North East) Limited	England and Wales
Avonside Plumbing & Heating (Yorkshire) Limited	England and Wales
Avonside Plumbing & Heating (Scotland) Limited	Scotland
Corne Group Limited	Scotland
LAS Plant Limited	Scotland
Rok Civil Engineering Limited	Scotland
Tulloch Transport Limited	Scotland

All of the significant subsidiaries have a year end of 31 December with the exception of SOL Construction Limited which has a year end of 31 March.

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# Independent auditors' report to the members of Rok plc

We have audited the Group and parent company financial statements (the "financial statements") of Rok plc for the year ended 31 December 2007 which comprise the consolidated income statement, the Group and parent company balance sheets, cash flow statements and statements of recognised income and expense, and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the company's members as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU, and for preparing the Directors' Remuneration Report in accordance with applicable law are set out in the Statement of Directors' Responsibilities on page 49.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Foreword and the Business and Financial Reviews that are cross referenced from the Principal Activities section of the Directors' Report.

In addition we report to you if in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

## Opinion

In our opinion:

- ★ the Group financial statements give a true and fair view in accordance with IFRSs as adopted by the EU of the state of the Group's affairs as at 31 December 2007 and of its profit for the year then ended,
- ★ the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation
- ★ the parent company financial statements give a true and fair view, in accordance with IFRS as adopted by the EU as applied in accordance with the provisions of the Companies Act 1985 of the state of the parent company's affairs as at 31 December 2007,
- ★ the parent company financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and
- ★ the information given in the Directors' Report is consistent with the financial statements.

  
KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
6 March 2008

# Five year summary

	2007	2006	2005	2004	2003
	£m	Restated* £m	£m	£m	£m
<b>Income statement</b>					
Revenue	950.1	689.3	555.8	494.5	380.0
Gross profit	102.5	74.6	62.6	55.4	40.6
Administrative expenses	(71.6)	(52.5)	(43.2)	(41.7)	(28.9)
Share of post tax results from joint ventures	(0.2)	0.8	-	0.4	-
Profit from operations	30.7	22.9	19.4	14.1	11.7
Analysed as					
Adjusted operating profit	34.1	25.3	20.1	16.3	13.1
Intangible asset charges	(3.4)	(1.3)	(0.4)	(1.3)	(1.4)
Other separately disclosed items	-	(1.1)	(0.3)	(0.9)	-
Profit from operations	30.7	22.9	19.4	14.1	11.7
Finance costs	(2.4)	(2.9)	(3.3)	(2.4)	(1.6)
Profit before tax	28.3	20.0	16.1	11.7	10.1
Income tax expense	(8.6)	(5.8)	(4.4)	(3.7)	(3.3)
Profit for the year	19.7	14.2	11.7	8.0	6.8
Dividends	(5.1)	(3.6)	(2.7)	(1.9)	(1.6)
Earnings per share					
Basic	11.5p	9.4p	8.5p	6.3p	5.4p
Other separately disclosed items	-	0.5p	0.1p	0.4p	-
Intangible asset charges	1.5p	0.6p	0.2p	1.0p	1.1p
Adjusted	13.0p	10.5p	8.8p	7.7p	6.5p
Diluted	11.2p	9.2p	8.3p	6.1p	5.1p
Dividends per share	3.4p	2.8p	2.4p	1.7p	1.3p
<b>Balance sheet</b>					
Non-current assets	148.0	111.4	64.8	45.4	32.2
Net current assets	38.9	40.1	56.2	30.8	21.8
Total assets less current liabilities	186.9	151.5	121.0	76.2	54.0
Non-current liabilities	(48.6)	(30.3)	(41.5)	(15.0)	(9.2)
Provisions	(11.0)	(21.5)	(28.2)	(25.2)	(17.4)
Net assets	127.3	99.7	51.3	36.0	27.4
Net cash (debt)	(5.3)	11.6	(15.2)	(9.9)	(2.6)

\* See notes 12 and 21

2004 - 2007 have been presented in accordance with EU endorsed IFRSs 2003 has not been adjusted to reflect differences between UK GAAP and EU endorsed IFRSs

Comparative figures for earnings per share and dividends per share have been restated due to the 5 for 1 share split.

# Shareholder information

## GENERAL ENQUIRIES

The Company welcomes contact with shareholders, brokers, analysts and other parties requiring information about Rok.

Information on the Company can be found on our website [www.rokgroup.com](http://www.rokgroup.com) and you can contact us on email at [info@rokgroup.com](mailto:info@rokgroup.com)

If you have any questions about the Company, you can contact Garvis Snook, Ashley Martin or the Group's senior independent director, Gillian Camm, at Rok City Office, 5 Lloyd's Avenue, London, EC3N 3AE

Contact details for the Rok offices around the United Kingdom are shown on page 92 of this Annual Report.

## SHARE PRICE AND GROUP INFORMATION

The Rok plc share price, together with copies of the Company's annual and interim reports and presentations to analysts and institutional shareholders, can be found on the Rok website [www.rokgroup.com](http://www.rokgroup.com). The website's Investor Relations section contains extensive information and a number of tools which may be of interest to investors.

The Company's share price is also listed in the appropriate sections of several national newspapers under the 'Construction and Materials' classification, on page 230 on Ceefax or by calling the FT Cityline on 0906 843 0000 and using code 2411. Calls to this service are charged at 60p per minute (plus VAT) at all times.

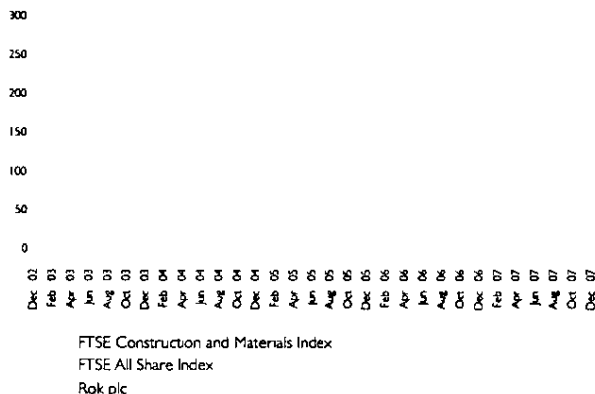
## SHAREHOLDER ENQUIRIES

Shareholders who wish to contact the Company on any matter relating to their shareholding are invited to contact the Company's Registrars, Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH. Computershare has a dedicated telephone number for Rok shareholders which enables shareholders to access both specific and generic information, request forms to be posted to their registered address or access information about the share price. The telephone number for this service is 0870 707 1274.

Computershare Investor Services gives shareholders access to view their shareholdings online. To register click on Investor Centre on the Computershare home page [www.computershare.com](http://www.computershare.com) and follow the instructions.

## SHARE PRICE PERFORMANCE

This graph shows the share price performance of Rok plc in comparison with the performance of the FTSE All Share Index and the FTSE Construction and Materials Index over the past five years.



## ANALYSIS OF SHAREHOLDERS AT 31 DECEMBER 2007

By size of shareholding

Range	Number of holders	% of total shares
1 - 10,000	1,578	3
10,001 - 100,000	496	9
100,001 - 250,000	84	8
250,001 - 500,000	44	9
500,001 - 1,000,000	40	16
1,000,001 and above	36	55
<b>Total</b>	<b>2,278</b>	<b>100</b>

By type of shareholder

Range	Number of holders	% of total holders	% of total shares
Private holders	1,340	59	16
Institutional and corporate holders	938	41	84
<b>Total</b>	<b>2,278</b>	<b>100</b>	<b>100</b>

## NEW DIVIDEND REINVESTMENT PLAN

In previous years, shareholders have been given the opportunity to receive their dividend in new ordinary shares instead of cash under the scrip dividend scheme. The Board has decided to replace the scrip dividend scheme with a dividend reinvestment plan (the Plan).

The Plan will enable shareholders to reinvest their cash dividend to purchase Rok shares on the market, rather than shares being newly created as was the case under the scrip dividend scheme. Elections to join the Plan must be received by the Company's Registrars by no later than 17 April 2008. Once you have elected to join the Plan, your instruction will be applied to all future dividends, unless you advise the Registrars in writing.

Full details are contained in the Chairman's Annual General Meeting letter and the accompanying circular being sent to shareholders with this Annual Report.

#### ELECTRONIC PROXY VOTING

To lodge your proxy vote via the internet, log on to [www.uk.computershare.com/investor/proxy](http://www.uk.computershare.com/investor/proxy) You will need the Shareholder Reference Number and PIN number printed on your form of proxy where you will find full instructions on how to use this service

#### SHARE DEALING SERVICES

The following share dealing services are available through our Registrars, Computershare Investor Services PLC

##### Internet share dealing

Please note that, at present, this service is only available to shareholders in certain European jurisdictions This service provides shareholders with an easy way to buy or sell Rok plc ordinary shares on the London Stock Exchange The commission is 0.5%, subject to a minimum charge of £15 In addition stamp duty, currently 0.5%, is payable on purchases There is no need to open an account in order to deal Real time dealing is available during market hours In addition there is a convenient facility to place your order outside of market hours Up to 90 day limit orders are available for sales To access the service log on to [www.computershare.com/dealing/uk](http://www.computershare.com/dealing/uk) Shareholders should have their Shareholder Reference Number (SRN) available The SRN appears on share certificates A bank debit card will be required for purchases

##### Telephone share dealing

Please note this service is, at present, only available to shareholders resident in the UK and Ireland The commission is 1%, subject to a minimum charge of £15 In addition stamp duty, currently 0.5%, is payable on purchases The service is available from 8.00am to 4.30pm Monday to Friday, excluding bank holidays, on telephone number 0870 703 0084 Shareholders should have their Shareholder Reference Number (SRN) ready when making the call The SRN appears on share certificates A bank debit card will be required for purchases Detailed terms and conditions are available on request by telephoning 0870 703 0119

These services are offered on an execution only basis and subject to the applicable terms and conditions This is not a recommendation to buy, sell or hold shares in Rok plc Shareholders who are unsure of what action to take should obtain independent financial advice Share values may go down as well as up which may result in a shareholder receiving less than he/she originally invested

To the extent that this statement is a financial promotion for the share dealing service provided by Computershare Investor Services PLC, it has been approved by Computershare Investor Services PLC for the purpose of Section 21(2)(b) of the Financial Services and Markets Act 2000 only Computershare Investor Services PLC is authorised and regulated by the Financial Services Authority Where this has been received in a country where the provision of such a service would be contrary to local laws or regulations, this should be treated as information only

#### SHAREHOLDER SECURITY

Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount, or offers of free reports about the Company If you receive any unsolicited investment advice you can check that the person or organisation is properly authorised by the FSA at [www.fsa.gov.uk/register](http://www.fsa.gov.uk/register) More detailed information can be found on the FSA website at [www.money.made.clear.fsa.gov.uk/](http://www.money.made.clear.fsa.gov.uk/)

## 2008 Financial Calendar

Announcement of results	6 March 2008
Ex-dividend date	2 April 2008
Dividend record date	4 April 2008
Annual General Meeting	1 May 2008
Final dividend date	9 May 2008
Interim results announced	August 2008
Interim dividend paid	October 2008

Overview

Business review

Financial review

Governance

Financial statements

Shareholders

# Contact points

## PLC OFFICE

London	020 7977 7980
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## BUILDING AND MAINTENANCE OFFICES

Aberdeen	01358 725800
Ayr	01292 521082
Birmingham Central	0121 236 5050
Birmingham East	0121 786 1616
Bolton	01942 811849
Brighton	01273 391193
Bristol North	0117 941 5710
Bristol	01275 378800
Chester	01244 852400
Crawley	01293 643100
Eastbourne	01323 514100
Edinburgh	0131 335 3300
Elgin	01343 548488
Exeter	01392 354030
Fort William	01397 702299
Gatwick	01293 569146
Glasgow Central	0141 420 7600
Glasgow North East	0141 779 7000
Grimsby	01472 361338
Harlow	01279 408241
Inverness	01463 701400
Liverpool	0151 703 7770
London Bermondsey	020 7237 9634
London Dartford	01322 297500
London Hackney	020 8806 6271
London Heathrow	020 8745 6682
Macclesfield	01625 613530
Manchester	0161 877 1411
Milton Keynes	01908 679222
Newcastle North	0191 265 1631
Newcastle South	0191 495 6200
Nottingham	0115 961 3100
Oxford	01865 305950
Plymouth	01752 237500
Poole	01202 731144
Preston	01772 259559
Reading	01189 323300
Rotherham	01709 720602
Solent	01489 569900
Stafford	01785 221830
Stirling	01786 457000

Taunton	01823 446020
Teesside	01642 616616
Thurso	01847 893894
Torquay	01803 616171
Truro	01872 243600
Wakefield	01924 248350
Warwick	01926 417417
Yeovil	01935 424444
York	01653 699999

## PLUMBING, HEATING AND ELECTRICAL OFFICES

Billingham	01642 370662
Cottingham	0870 1125 308
Dundee	01382 816272
Elgin	01343 548488
Fort William	01397 702299
Glasgow	01355 237021
Inverness	01463 250883
Leigh	01942 676341
Rotherham	01709 720602
Thurso	01847 893894

## DEVELOPMENT OFFICES

Exeter	01392 361600
Manchester	0161 833 9456

## GROUP SUPPORT CENTRES

Insurance Maintenance Contact Centre	01623 827627
National Maintenance Contact Centre	0870 608 0717
Rok Finance Service Centre	0870 735 7600

## REGISTERED OFFICE

Rok plc  
 Rok Centre, Guardian Road, Exeter Business Park, Exeter EX1 3PD  
 t 01392 354000  
 Company number 358466

# Environmental Statement

This report is printed on Look, which is 100% ECF (Elemental Chlorine Free) pulp and is 100% recyclable and sourced from carefully managed and renewable commercial forests, certified in accordance with FSC (Forest Stewardship Council). The mill is ISO 14001 certified. Our printers are fully accredited to the ISO 14001 environmental management system. They utilise vegetable based inks and operate a direct computer to plate repro system, eliminating the need for film with its chemicals such as developer and acid fixers.



**Mixed Sources**  
Product group from well-managed  
forests and other controlled sources  
www.fsc.org Cert no. TT-COC-2142  
© 1996 Forest Stewardship Council