

HEADLAND GROUP ANNUAL STATEMENT 2009–10



HEADLAND GROUP



Headland Archaeology is a leading independent company providing heritage consultancy and archaeological contracting services to a wide spectrum of clients within the development industry. Our breadth and depth of expertise have earned us a reputation for delivering outstanding results in meeting our clients' statutory requirements, whilst actively implementing best industry practice.

Where we work

Formed in 1996, Headland is now the fastest growing archaeological company in the United Kingdom with eight regional offices covering the UK and Ireland. We are respected by our commercial clients and planning authorities alike for our unrivalled expertise in the heritage sector. Our regional offices ensure that we have the local knowledge whilst maintaining a consistent approach reflecting Headland's overall professional values and business philosophy.



PROFILE

Sectors we work in

- Renewables
- Extraction
- Civil Engineering
- Land management
- Construction
- Heritage
- Utilities

Business Segments

● Consultancy

Our business is structured around three core competencies:

Identifying risk – forward planning and assessment of the heritage issues early in the development process.

We advise our clients on planning legislation, provide guidance and agree specifications for archaeological work. We work closely with our clients to design a programme of site investigations, quantify time, costs and resources required to address potential archaeological issues.

Our services include *environmental impact assessments, desk-based assessments, expert witness, management plans, public archaeology programmes, historic environment audits and screening reports.*

● Contracting

Managing risk – as contractors we have the scale and expertise to undertake field projects anywhere in the UK. Our regional offices ensure that we have the local knowledge whilst maintaining a consistent approach reflecting Headland's overall professional values. Our involvement with major infrastructure development is a cornerstone of Headland's workload. Our teams understand the risks and responsibilities of civil engineering contracts.

Our site investigations services include *geophysical survey, excavation, watching briefs and historic building assessments.*

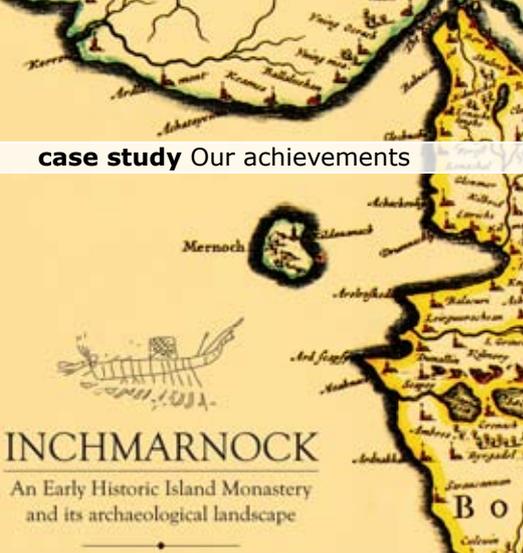
● Specialist Services

We employ specialists to ensure that we provide *integrated services* to our clients in a consistent way. The range of our capabilities and of our skilled professionals reflects our success in building one of the best-resourced archaeological companies.

Our specialist services include *maritime and marine, palaeoenvironmental analysis, osteoarchaeology, geoarchaeology and artefact analysis.*

“Our Consultants work alongside our clients to highlight archaeological issues before they become a problem affecting the development. Our aim is to smooth our clients’ path through the planning process and heritage legislation.”

case study Our achievements



British Archaeological Awards

Headland's work on the recently published Inchmarnock Research Project has been highly commended at the 2010 British Archaeology Awards in the category of 'Best Archaeological Project'. The purpose of the awards is to advance public education in the study and practice of archaeology and to recognize significant contributions to knowledge.

The excavation programme involved five seasons of fieldwork at the chapel site, along with targeted excavation at several other sites across the island, including a late prehistoric rock shelter, a medieval kiln site and a post-medieval dwelling. A monograph publication was produced in 2008 by the Society of Antiquaries of Scotland. The project director Dr Chris Lowe attended the award ceremony at the British Museum.



Construction News 'Site Preparations and Services' Award

Headland Archaeology were winners at the Construction News Specialists Awards 2010 in the 'Site Preparations & Services' category. Russel Coleman received the award at a ceremony supported by the NSCC held at Hilton Hotel, on London's Park Lane in March 2010. The Specialists Awards celebrate the finest contractors and construction projects today. Attended by over 600 leaders in specialist contracting in the construction industry, these awards brought together the key players in the industry.

It is a great honour to be recognised in these prestigious awards and the company felt it was wonderful recognition of the hard work and enterprise we have been diligently carrying out. The award also marks us out from the competition, has helped to change the general perception of archaeology as propagated in the media and to convey our importance and value to the construction industry – our most important client.



Best Fieldwork & Recording Award – Association for Industrial Archaeology

Headland Archaeology (along with Pre-Construct Archaeology, in their joint venture, HAPCA) were awarded the 'Fieldwork & Recording' Award by the Association for Industrial Archaeology for their work on the M74 completion project. These awards aim to recognise good archaeological recording practice in Industrial Archaeology, and it was HAPCA's innovative approach to recording industrial remains on a vast scale which caught the judges' eye.



Achilles Verify Scheme

We were very pleased that our Health & Safety and quality procedures were verified by the Achilles Verify Scheme; a power industry accredited scheme for Health, Safety, Environment and Quality. This followed an inspection of office-based procedures and on site implementation. We scored highly for both Health and Safety and Quality Control.



HEADLAND GROUP

Welcome to Headland Group's annual review which brings together, for the first time since the restructure of our business in 2008, the results of Headland Group Ltd and its subsidiaries – Headland Archaeology (UK) Ltd, Headland Archaeology (Ireland) Ltd and Archaeological Investigations Ltd.

Headland Archaeology Ltd was founded in 1996 with the intention of making a difference; offering the market a better customer service to that being offered by the (not-for-profit) charity, local authority and university sectors that dominate the heritage industry. We continue to do this by balancing commerce and culture within a forward thinking business that sees our customers as key and change as opportunities.

Performance

Off the back of the most successful period in our history, we entered the credit crunch mid-way through 2008. We re-sized the business after the slowing down of the national road building programme in Ireland and after successfully completing several large road contracts in Scotland and Northern Ireland. Our aim was to maintain as much of our scale as possible in order to be the first to react when some sense of normality resumed. This strategy meant digging into our hard-earned reserves but this is now paying off as we find ourselves by far the largest archaeological services company in Ireland whilst in England we are on the acquisition trail as other companies are still downsizing or going out of business. Our investment in marketing this year has been considerably more than ever before as we search for new ways to develop the Headland brand. We have cut running costs significantly, have halved long term debt and are sharing resources through an internal market. We are now a much more efficient business for the new market. We also made the conscious decision not to sacrifice quality or our professional ethics and to continue to deliver technical excellence for our clients.

It's not all about cutting costs. We have survived a severe recession, we are stable as a business but we are also looking for growth opportunities once more, as demonstrated by our acquisition of Archaeological Investigations Ltd, based in Hereford, in December 2009. Sales opportunities have increased in all our markets, though conversion is slower and competition on price is fierce. We have increased turnover, held our margins and continued to pay dividends to our shareholders. Investment in technology and people – through training – continues and we have launched new services and entered new markets. This year also saw us winning a clutch of awards both in the construction and heritage industries.

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Looking Forward

Confidence has returned to the market and the main focus for the subsidiary companies will be to secure the larger contracts that were missing from our portfolio last year. Headland Ireland will be developing its market share in Dublin and Northern Ireland through its two new branches whilst Headland UK will focus on growing its business in England through its two new branches. At Group level, the Board will continue to develop and fund more initiatives such as growth opportunities in Europe.

All four companies – Headland Group, Headland UK, Headland Ireland and Archaeological Investigations Ltd – have relatively new Boards of Directors as part of the restructure in 2008 and they took on this role in the most difficult of trading conditions. I would like to thank them for their hard work. I would also like to thank all our staff for remaining positive during unsettled times and, with wider share ownership amongst employees, I would like to thank them for having the confidence to buy into Headland and helping us deliver our vision for an international heritage services company.

Tim Holden, Chair, Headland Group Ltd



“Our vision is to create an international heritage services business with a strong brand and culture.”



Work on the archaeological monitoring of the utility diversions by Carillion for the Edinburgh Trams project has now reached the end of the fieldwork phase. This required close coordination with Carillion and their frontline managers to organise flexible and responsive archaeological monitoring which satisfied the requirements of the Edinburgh

City Archaeologist, but yet avoided racking up costs by having archaeologists on site day-in day-out. This work recovered important information relating to medieval Leith and the sixteenth-century Siege of Leith, and discovered new evidence, in the form of a group of skeletons, for a possible leper hospital close to the modern-day London

Road. Excavation of skeletons found beneath Constitution Street in Leith for Transport Initiatives Edinburgh (tie) recovered over 300 individuals, probably dating between the 15th and 18th centuries. These two contracts were together worth just under £230,000. This project is now moving into the post-excavation phase.



HEADLAND ARCHAEOLOGY (UK)

The last couple of years have been driven by uncertainty. We entered 2008 following our most successful period ever – which included the delivery of the £5M M74 contract in Glasgow and the £3M A1 and A4/5 contracts in Northern Ireland – to find ourselves almost immediately re-sizing and restructuring rather than growing. This was a major disappointment and setback to our ambitions for the UK business given the size and success of the company we had built. Our focus for 2008 onwards was therefore stability and maintaining morale in a recession but at the same time looking for new opportunities for growth. We made good use of the quieter market to invest in a number of Business Development initiatives including the acquisition of Hereford-based Archaeological Investigations Ltd, a new branch office near London and new services which should pay dividends in the coming years. Internally, we have also been developing performance systems and targets.

Performance

In contrast to low business confidence, the number of sales enquiries has been at record levels. This is due, in part, to our increased visibility in the market-place through various marketing initiatives but also down to our reputation for delivery and for customer focus. However, we have noted slower conversion rates with many enquiries stuck as prospects for several months. There has also been a marked 'flight to cost' as our competitors felt that they had to discount to stay in business. Our industry has also continued to fragment as companies downsize or shut down – resulting in more and more small businesses and sole traders starting up. As one of the largest companies in the professional heritage services sector, maintaining our market positioning strategy is crucial.

The key areas of our business are Consultancy, Specialist Services and Contracting. Masterplanning, Environmental Impact Assessments and Expert Witness, in particular, for the energy industry, continue to be a major focus for our *Consultancy* section. A recent push into off-shore renewables is also paying dividends. As industry leaders in the provision of EIAs this is both a natural progression from land-based wind farms to off-shore but also a new market in itself from which new income streams will be developed. With so many EIAs now moving out of planning and into mitigation this has kept our *Contracting* Division busy. House-building, which once accounted for 25% of our sales virtually disappeared overnight in 2008. Slow to recover, we are now seeing much higher levels of house-building activity since Spring 2010.

The construction industry fared better and although we have not been able to secure another large road contract we have won several medium-sized contracts such as the Edinburgh Tram project and Clyde Windfarm. Having completed so much fieldwork over the last few years we have a sizeable post-excavation and publication programme for *Specialist Services* to work on. This conveniently took up some of the spare capacity created by a slow down in house-building and general construction.

Looking Forward

Our focus is on building a presence in England through AI Ltd and a new branch office servicing the South-East and Midlands. Sales enquiries are still rising and include several large construction projects, one of which is already secured; the Forth Replacement Crossing. Investment in various Business Development strategies is also starting to pay off with the launch of new services, business relationships beginning to bear fruit and the formalising of some strategic alliances. On the face of it, this looks like another year of stability and consolidation but in reality there are numerous – once in a decade – opportunities to be had and we aim to make the most of them.

Russel Coleman, Chair, Headland Archaeology (UK) Ltd





Headland has been commissioned to carry out Stages (i) to (iv) of this road scheme. These stages are (i) Testing (ii) Strip and Map (iii) Excavation and (iv) Reporting. The majority of fieldwork is completed, apart from some previously unavailable areas that will be investigated in October. Excavations thus far have revealed 23 sites for which preliminary reports have been written and submitted for review. The most important sites uncovered along the route included a Neolithic house, a number of Bronze Age cemeteries and a medieval rural farmstead. Meetings in reference to the Stage (iv) post-excavation proposal are due to be held in September 2010.



Major geophysics contract along the route of the proposed Cork–Limerick M20 motorway. Fieldwork to be completed in December 2010. Utilisation of a new geophysics cart has speeded up the process of gathering geophysical data. The survey consists of 205 hectares of magnetometry and 30 hectares of resistivity. Headland (Ireland) has increased its capacity to two magnetometry carts and three trained geophysicists; other staff in both Ireland and the UK have also been trained in-house on the use of this equipment.

HEADLAND ARCHAEOLOGY (IRELAND)

The recession in Ireland kicked in much earlier than in the UK, was far deeper and more painful. Our business model was clearly left over-exposed to the public sector which had driven much of our growth – from a start-up in 2001 to over 300 staff in 2007. Our strategy was then to maintain sufficient scale to meet the strict criteria for future National Road Authority contracts whilst trying to diversify further into other commercial sectors and geographical areas. This was risky in the economic climate but looking back it seems to have paid off. We radically re-sized the business and continue to control costs but having built up such a large company it was never going to be easy to turn around overnight. We are not quite out of the woods yet but the business is now stable and profitable, and we are looking to take on the challenge of growing our business in Northern Ireland and Dublin where we have opened new offices and moved into new sectors.

Performance

We have put more resources into Sales and Marketing creating a full-time dedicated post to allow other managers to concentrate on other areas of the business. Our Dublin and Galway offices are starting to see more leads and it is likely we will put more resources into this as the market improves. In *Consultancy*, we have made some real progress in the telecoms sector and our push into the EIA market is also showing a return as demand increases for renewable energy in Ireland. In time, these EIAs should lead to mitigation works for our *Contracting* division. With the downturn in road contracts, we have successfully diversified our client base into other sectors such as telecoms, aggregates and heritage management.

Within *Specialist Services*, we continued to invest in people and equipment and can now offer a new service this year in geophysics. This has been a major success story for us and will become an area for further growth. The mainstay of our Specialist Services section has been the post-excavation and publication programme generated by several years of intensive fieldwork. This has created a leading Osteoarchaeology Department which is now pulling in external work from other companies and servicing Headland Group companies.

Looking Forward

As we move into the second half of 2010 we are optimistic that our strategy of maintaining scale has paid off. There is still a steady stream of medium-sized public and commercial sector contracts coming on to the market but there is fierce competition for them. Nevertheless, we have successfully secured a number of new projects taking us into 2011. In addition, our involvement in Metro North in Dublin is still ongoing and has the potential to generate significant archaeological works as this high profile infrastructure project is fast-tracked. We have also designed a number of new services for the heritage market which will be launched early 2011. For the future, we are now more cost efficient than we have ever been and well positioned to emerge from the current economic difficulties to become the premier provider of archaeological services in Ireland.

Colm Moloney, Managing Director Headland Archaeology (Ireland) Ltd





case study Cathedral Close, Hereford **client** C J Bayliss **contract value to date** £700,000

Excavations at Hereford Cathedral Close have uncovered large areas of its cemetery, with burials dating back to the 12th century. Deeper excavations to the south-east of the existing cathedral have also found evidence for the earlier Saxon cathedral in the form of massive beam slots and evidence for industrial activity. The excavation work is expected to continue until March 2011.



Headland's building survey team has compiled a meticulous record of the restoration of four locks on the Crumlin arm of the Monmouthshire Canal, including a record of the canal before the restoration work began and further observations taken during the project. Working alongside the staff of the 14 locks visitor centre, Headland has also contributed to outreach and education events for local school children. Headland will be producing a report that will shed new light on the working of the flight of 14 locks and on the challenges involved in restoring historic canals.



case study Cefn Flight of 14 locks **client** Newport City Council **contract value to date** £30,000

GROUP FINANCIAL REVIEW

Background

To put the results of our current year to May 2010 into perspective, it is necessary to look at the events of the last three years. Starting in 2007/8 we saw the highest ever Group turnover at £12.3M and our highest ever post tax profit at £1.02M. This was at the culmination of the heady times of a booming economy in Ireland and a period of sustained growth in the UK. To develop to this level the Group had grown rapidly, taken on a high cost base in terms of staff and premises with associated costs and had invested in plant and equipment, especially a vehicle fleet, to support the extensive site work at that time. However, the economic signs were becoming ominous and the directors report in the 2008 accounts stated that

‘The Directors recognise that the immediate future presents a challenge with the well documented problems affecting all economies. By increasing post tax and dividend reserves by £0.63M the group continues to build its reserves to provide the necessary capital for growth and to weather any economic storms the future may hold.’

In the year to May 2009 we, along with the rest of the UK and Ireland, saw a sharp reversal of the boom economy of 2007/8. Whilst our turnover reduced over a short period of time, our approach to reducing our fixed cost base required a more measured response. The Directors were faced with a dilemma. We could have followed the ‘knee jerk reaction’ that has characterised our and other business sectors, slashing our workforce and infrastructure as quickly as possible with no consideration of the consequences. Instead we chose a more measured reaction, gradually reducing the size of our overhead but maintaining sufficient capacity to allow us to be in the best possible situation to capitalise on an upturn in the economy. Our 2009 report reflected our decision to take a measured approach to reducing cost but this came at a cost and a reduction in our reserves.

Trading

This brings us to our report for 2010 where there are many positive signs.

Looking to our trading results we can summarise as follows:

- Our turnover has increased by 17% in the face of stiff competition, which reflects the continued efforts made to promote the Headland brand and establish the group as a beneficial partner to our many clients.
- Our margin has continued to improve and has risen slightly from 24.85% to 25.76%, reflecting the increasing efficiency of our business and the continued commitment and development of our staff.
- Our administrative cost has come down from £2.0M to £1.36M following a series of planned and prudent cut backs, again making us as efficient as we can be in utilising our resources.

All of these positives helped reduce our loss from £0.78M to £0.07M before dividend.

Balance Sheet

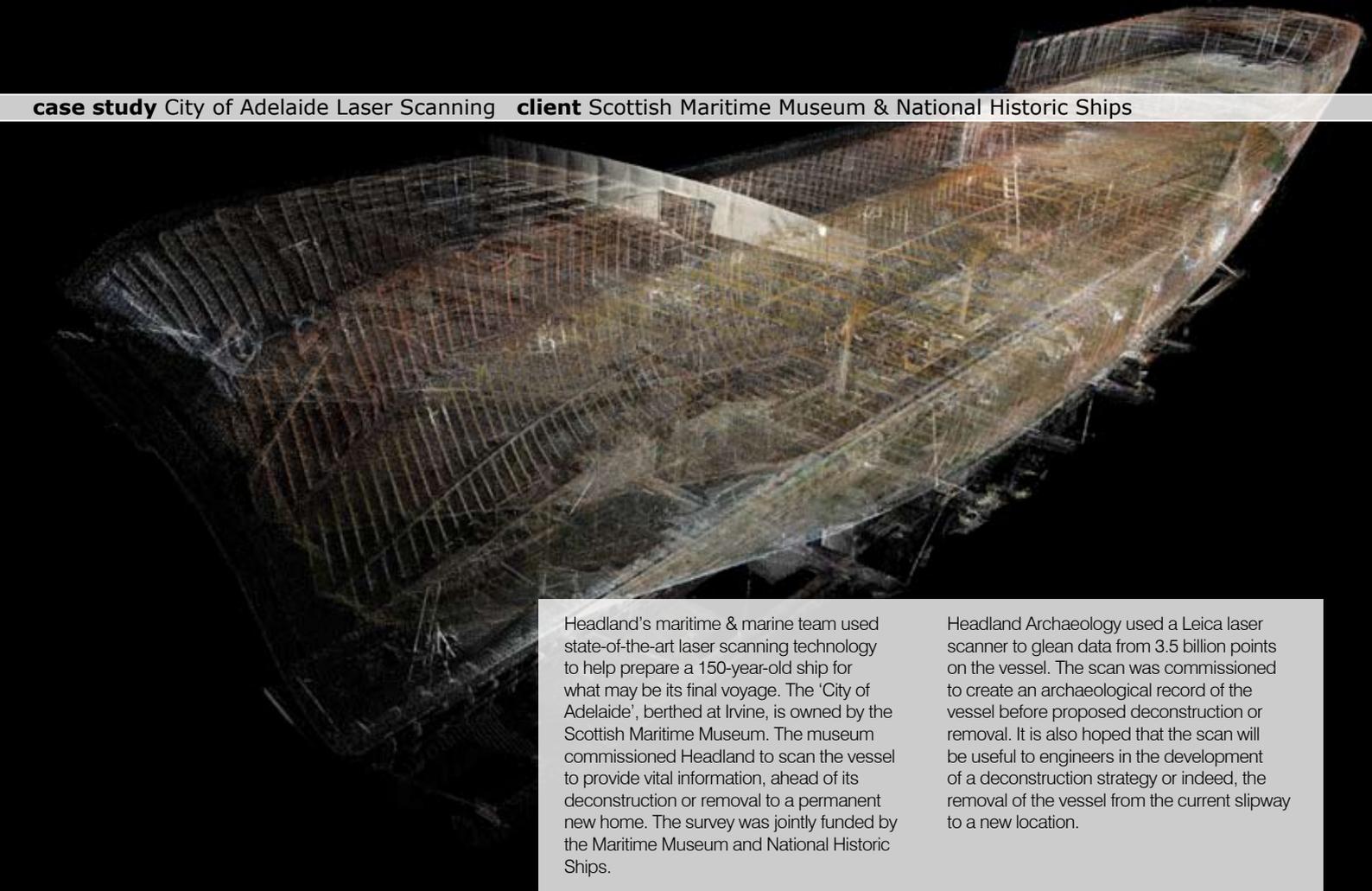
Looking to the construction of our balance sheet we can again see many positives and would comment as follows:

- We continued to invest in our fixed assets, by way of new technology, during the year with additions of approximately £0.1M in the year, offset by the high depreciation cost against assets bought during our period of growth. We expect to continue to invest a similar sum in the current year.
- We maintained our level of liquidity with net current assets reducing by just £0.02M.
- We have continued to reduce our exposure to longer term debt, primarily asset finance, bringing this down from £0.22M to £0.11M.

Shareholders

For shareholders we have maintained the return required by our shareholder agreement providing a return at 3% over the average base rate for the previous year. We acknowledge that the value of a share has reduced with the losses incurred over the last two years but we strongly believe that a shareholding in Headland should be looked upon as a long term commitment and in turn we are committed to building shareholder value back once the economy recovers.

David Betts, Finance Director, Headland Group

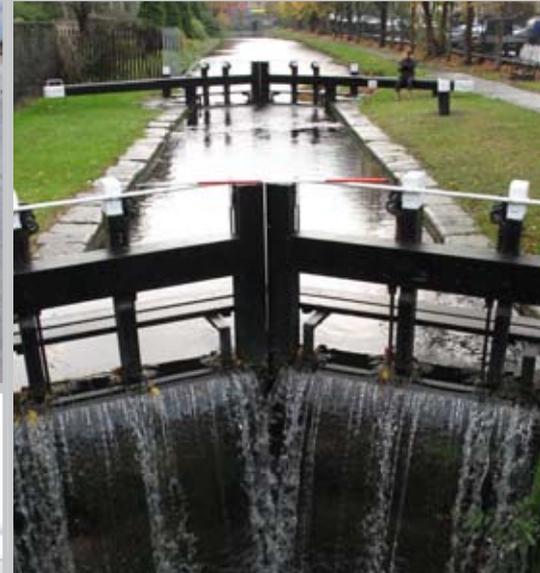


Headland's maritime & marine team used state-of-the-art laser scanning technology to help prepare a 150-year-old ship for what may be its final voyage. The 'City of Adelaide', berthed at Irvine, is owned by the Scottish Maritime Museum. The museum commissioned Headland to scan the vessel to provide vital information, ahead of its deconstruction or removal to a permanent new home. The survey was jointly funded by the Maritime Museum and National Historic Ships.

Headland Archaeology used a Leica laser scanner to glean data from 3.5 billion points on the vessel. The scan was commissioned to create an archaeological record of the vessel before proposed deconstruction or removal. It is also hoped that the scan will be useful to engineers in the development of a deconstruction strategy or indeed, the removal of the vessel from the current slipway to a new location.

The Maritime and Marine team, under the direction of Headland's Dr Dan Atkinson, is fully resourced to advise on all matters regarding the effective management of the maritime cultural heritage, particularly relevant to the marine renewables and offshore wind sectors. Headland's input throughout the life of a project include: Maritime Cultural Heritage Advice, Marine Geophysical and Geotechnical Survey, Zonal/Regional and Site specific Impact Assessment, Scheme Installation, Operation and Decommissioning. Projects we have completed include EIAs and marine survey data assessments for clients such as Royal Haskoning, Emu Ltd, Arcus Renewable Energy, Metoc and EnviroCentre.

Currently the team is contributing to the EIAs for two major offshore windfarms. Beatrice Offshore Windfarm is part of the Scottish Territorial Waters developments and has the potential to produce 920MW. Moray Zone Offshore Windfarm is one of the latest Round 3 offshore developments in the UK and aims to be generating 1.3 GW by 2020.



AIMS & RESULTS AT A GLANCE

Our Aims

The Group Growth Strategy set out 6 key objectives which mapped out what we want the company to look like in the medium to long term. These are being delivered by the subsidiary companies who provide clear strategies to achieve these goals

Commercial

A *Sustainable* business – consistent performance and a stable platform

A *Motivated* business which rewards success, responsibility and accountability

A business *Positioned* to maximize its value to the shareholders

Cultural

A *Respected* business within the construction and development sectors

A *Profitable* business with a proven track record of profit growth year on year

An *Influential* business setting the agenda in the world of commercial archaeology

Our Year

Growth

- Turnover up by 17%
- One new acquisition
- Two new European ventures

Profitability

- Margin increased to c. 26%
- Dividends maintained
- Long term debt (asset finance) halved to £0.11M

Efficiency

- Running costs down by 32%
- Liquidity maintained
- Inter-group sharing of resources

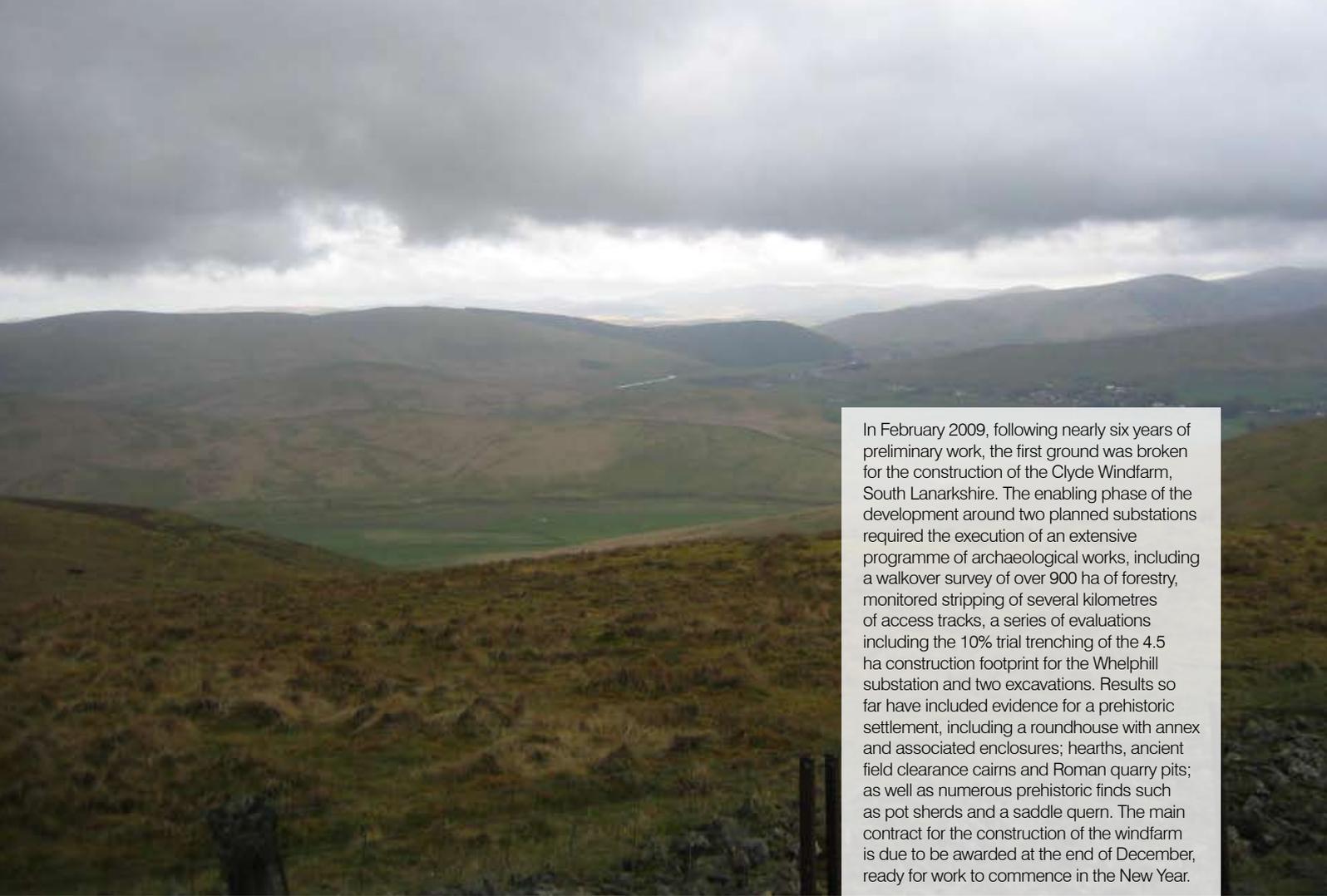
Investment

- Further investment in technology
- New services launched
- Continuing Professional Development increased

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Group Financial Statement (unaudited)

Trading and revenue distribution	2010	2009	2008
	£M	£M	£M
Group Turnover	£4.86M	£4.16M	£12.3M
UK	42.5%	43.7%	44.15%
Eire	57.5%	56.3%	55.85%
Gross Margin Generated	25.76%	24.85%	24.25%
Administrative Overhead	£1.36M	£2.00M	£1.83M
Group Profit/(Loss)	£(0.07)M	£(0.78)M	£1.02M



In February 2009, following nearly six years of preliminary work, the first ground was broken for the construction of the Clyde Windfarm, South Lanarkshire. The enabling phase of the development around two planned substations required the execution of an extensive programme of archaeological works, including a walkover survey of over 900 ha of forestry, monitored stripping of several kilometres of access tracks, a series of evaluations including the 10% trial trenching of the 4.5 ha construction footprint for the Whelphill substation and two excavations. Results so far have included evidence for a prehistoric settlement, including a roundhouse with annex and associated enclosures; hearths, ancient field clearance cairns and Roman quarry pits; as well as numerous prehistoric finds such as pot sherds and a saddle quern. The main contract for the construction of the windfarm is due to be awarded at the end of December, ready for work to commence in the New Year.



Headland Archaeology has considerable experience of the Environmental Impact Assessment process in general, and energy-generation developments in particular. Over the past eight years the company has contributed to the Environmental Statements for over sixty windfarms. Headland has established relationships with a range of developers in this field. We are also involved with the related development of new grid connections and have experience of other energy generation developments including biomass and hydroelectricity.

Headland's input through the life of a project includes Site Feasibility and Selection Studies, Consultation, Input to design, Impact Assessment and Reporting, Mitigation Proposals and Expert Witness at Public Local Inquiry.



HEADLAND GROUP BUSINESS REVIEW

Business Development – Investing in Future Growth

Whilst stability and recovery were our overall business objectives responding to a tough economic climate, we kept positive and continued to focus on future growth by investing in new opportunities and developing key services. We allocated more resources to new and ongoing business development initiatives starting with an in-depth review of our business position both as an industry and as a company. This enabled us not only to identify key markets and opportunities but also to strengthen our position, develop clear brand values and culture and differentiate Headland from our competitors. This brings together a common vision for shareholders, management and staff.

Client focus has been our main strategy which in practice means that we understand our clients and their business, how they work, what is important to them and what they really need. This has helped us to develop closer relationships and key partnerships with our clients and has enabled us to design and deliver new and more attractive services. The client relationship initiative also runs through our acquisition and regional offices strategy where we have invested in making sure we have the right resources, expertise and people to run and develop our regional presence.

Strategy

Key Markets: ● Energy ● Transport ● Telecoms ● Aggregates

We have raised our profile within our key sectors building on our reputation for our EIAs and expert witness consultancy services and for the delivery of complex and large scale archaeology contracts. We have attended and contributed to major conferences and events with the aim of increasing our visibility and value within the sector but also engaging with our clients in conversations about the effects of changes in the heritage planning legislation.

Recognising the importance of the offshore industry, we have been building up a maritime and marine capability since 2007 and the expertise of our team has already been recognised and converted into a number of new contracts servicing the offshore industry.

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Working with our clients

Building closer working relationships with our clients and creating value for new customers has been the main thread within our business development strategy. Our client focus strategy is starting to bear fruit with more business to business relationships with key clients and a rise in repeat business and referrals. We see partnerships as the future and this is where we are investing our resources.

We have secured new framework agreements and have developed new partners and new services that address our clients' requirements for efficiency and risk management. Following the completion of the M74 archaeology programme we continue to develop our alliance with PCA and intend to use it as a vehicle for large construction programmes in the future.

Expanding our regional presence

As well as focusing on strengthening our market share within our established regions through offices in Scotland and Ireland, we have invested in realising our growth ambitions in England where we have been increasingly active but without a formal presence. Our first acquisition – of Hereford-based Archaeological Investigations Ltd – and a new branch office in Bedfordshire have been implemented and we have already started to see real growth and new leads.

With Headland UK focusing its efforts on growth in England, Headland Ireland concentrated on growing its market share in Dublin and Northern Ireland. With the downturn in the National Road building programme in Ireland we are currently embarking on a wholesale review of the Irish business, structuring it more in line with a more diversified market.

Outlook

We will continue to implement and deliver our strategy for future growth and will continue to diversify our portfolio working with new sectors, in different regions and offering innovative services to our clients.



The analysis of the human remains for Ardreigh, Co. Kildare, a large medieval cemetery assemblage that Headland (Ireland) has been involved in since September 2008 has been completed. Approximately 1,600 skeletons, as well as large amounts of disarticulated remains, have been analysed. Amongst the more interesting findings were a number of cases of violent trauma caused by sharp-force injury, and evidence of disease such as leprosy. The report was submitted in May 2010. In addition, Headland (Ireland) was commissioned by Kildare County Council to programme the work of their in-house archaeologists and produced a gantt chart for the production of the preliminary and final reports. More recently, Headland has been commissioned to draw up tender documentation for the completion of the final excavation report for Ardreigh.

These contracts have been the main source of post-excavation work over the last 12 months. All together, these two contracts involved the report writing and various specialist analyses for a total of 91 sites. The sites ranged in date from the Mesolithic right through to the Post-Medieval period, with a concentration of sites in the Bronze Age and Medieval periods. Perhaps most notable amongst them were a deserted medieval village excavated in the townland of Mullaghmast and a prehistoric landscape along the banks of the River Lerr. The post-excavation programme commenced in June 2009 and by mid-September 2010 the majority of the final report has been submitted to the client for review. The programme should be completed in October 2010. Publication proposal for selection of essays is pending.



Our main priority in the coming year however will be to develop and consolidate our presence in our new regional offices: building capacity and scale to match our established reputation for delivering complex archaeological projects. We will be working hard to ensure that we have the right skills and resources to service local markets whilst maintaining our core values.

We plan to do this by applying a rigorous communications strategy, internally and externally. Internally, we will be sharing skills and knowledge across the Group, exchanging ideas and expertise and instilling a sense of teamwork and communication to all Headland staff. Externally, we will continue to build a strong brand that will communicate our core values and commitment to our clients and the quality of our services.

Looking to the future, the Group has a determination to expand and grow to reflect our responsibility to both providing a service to our client base and returning value to our shareholders. Our ambition extends beyond our current locations and we are currently exploring opportunities in Europe.

Our Objectives

- Market opportunities – strengthening our market position
- New services – partnerships
- Skills and expertise – training and development

case study M74, Glasgow post-excitation programme contract value to date £1.8M



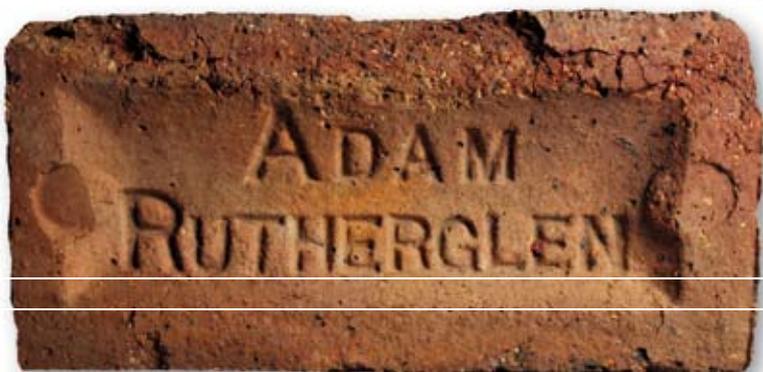
The M74 Completion Project (a joint venture between Headland and Pre-Construct Archaeology) is now in its post-excitation phase, with a value of £1.8 million out of a total contract value of £5 million. We are now analysing the results of the three large set-piece excavations at the Govan Iron Foundry and associated workers' housing, the Caledonian Pottery and the Pollokshaws Road Tenements, plus the evaluation and excavation of multiple small sites in the Tradeston area, including foundries, a biscuit factory, a cotton mill and owner's house,

and an unusual urban limeworks. The post-excitation phase is working towards the publication and dissemination of the results of the work through a popular general interest book and a more detailed academic monograph. A number of spin-off papers detailing particular work on technological and analytical aspects of the project are also to be published in specialist journals. In addition, a paper on the methodology of the project is being prepared to review the archaeological research agenda for the M74 Completion Project against the results, and to contribute



to the development of practice relating to the treatment of modern-era urban archaeological remains in the planning process.

The M74 Completion Project was funded by the project partners: Transport Scotland, the main funder; Glasgow City Council; South Lanarkshire Council and Renfrewshire Council. Glasgow City Council administered the contract via their Client Manager, Alan Anderson.



BUSINESS OPERATIONS – FOCUSING ON PERFORMANCE AND DELIVERY

Over the last year, as the construction industry was slowly recovering, we recognised that dealing with the heritage planning constraints on our clients' developments in the most cost efficient and timely manner had never been more crucial to them. This is where we excelled last year. Our ability to think differently and our commitment to high quality services stood out and were highly praised.

Setting a clear vision on where we want to be and having a robust business approach on how to get there has enabled us to maintain unscathed our quality position. Clarity on responsibility and accountability for performance, budgets and targets were filtered through all business operations – from sales and projects to client services and training.

Our efforts were focused on putting together the right teams and implementing the right approach for each individual project. We did this by investing in our people and technology, developing innovative technical solutions and more efficient methods and boosting our teamwork and communication.

Strategy

Sales & Marketing – The objective of sales and marketing was to develop and reinforce a clear position in a competitive market. Committed to creating value for existing and prospective clients, our proactive marketing strategy has been one of the great successes of the year. With a sound knowledge of the sectors and regions we work in, we successfully engaged with our clients but also with other site investigation professionals and our peers. We attended several major industry events and worked hard to raise our profile and awareness of our industry and role. The Construction News award we received in March on Site Investigation and Preparation services was a major morale booster as it recognised our role and value within complex projects.

Despite the credit crunch, sales enquiries have been at record levels in both the UK and Ireland, although we did notice conversion rates being lower than normal. To cope with the demand for tender submissions, we appointed a dedicated manager to Sales and Marketing in Ireland and set clear targets and roles for the UK sales managers. To ensure that we were meeting our objectives of getting our margins, cash flow and the company reserves back on the increase, we focused our efforts on generating better data and improving our sales reporting, which allowed us to closely measure and review the progress of our business development initiatives.

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Project Operations

The overall aim of all our operations was to ensure that we complete and deliver the company's services, in accordance with the agreed programmes of works on time, on budget and in line with our quality standards and our clients' expectations. We maintained our scale and capacity across our three business segments; *consultancy – contracting – specialist services* and we further built up the areas that attracted strong demand. Investment in building geophysics and laser-scanning capabilities, implementing new survey techniques and having the right skills for resourcing maritime and marine projects are amongst our successes of last year.

Our consultancy team has been the busiest department with our market-leading position in Cultural Heritage EIAs. Many of these developments are now coming out of planning and moving into mitigation, which should feed through into Contracting works. Although in lower numbers than in previous years, our Contracting team kept busy with notable contracts that included, the A2 Road Project in Northern Ireland, the New Ross Bypass and the N17 Gort to Tuam Scheme and the N22 Tralee Bypass in Ireland; the Edinburgh Tram project and the Clyde Wind Farm in Scotland. Having completed in the field so many large road contracts in recent years in the UK and Ireland, our Specialist Services departments have been working solidly on various analyses and finalising reports and publications. As a result, the Environmental, Finds and Graphics Departments have been running at full capacity for the entire year.

Client Services

One of our initiatives this year was to assign a dedicated client services team with the remit to manage client relationships and create long term value and loyalty. We hope that this demonstrated our commitment to our clients' needs and we ensured that in every project our teams worked in partnership with them to create a project design which is entirely relevant to their objectives.

Internally we put in place quality assurance methods, with rigorous quality assessments and progress reviews, both project and management related.

Despite fierce competition, Headland UK won a £250k tender from DRD Roads Service to undertake archaeological investigations in advance of improvements to the A2 Shore Road at Greenisland, just north of Belfast. Our submission was first on quality scoring and second on price.

Phase 1 was undertaken in March on a 1.5 km off-line section of the road development. It was a tightly managed programme of herring-bone trial trenching and strip, map and record, enabled by logistical support from Headland Ireland.

The Phase 1 works were completed on time and the client took advantage of our flexibility and resources to roll straight onto Phase 2 resolution. Two sites were excavated. One provided substantial evidence for Neolithic activity and produced a significant assemblage of flint artefacts. The other contained sparse evidence for activity from prehistory to the medieval period. We have carefully assessed the potential value of further analyses and presented the client with a proposal for a focused post-excavation programme that will provide them with value for money and a fruitful archaeological article.



In June 2010, a second phase of archaeological excavation began at Bellfield Farm, North Kessock, in advance of development of the land for housing by Tulloch Homes Ltd. Trial trenching of the site was undertaken in 2008/09 and established the presence of archaeological features in four areas of the development. The first area uncovered a group of Neolithic features and a substantial roundhouse and associated features of Iron Age date.

The excavation of remaining three areas began at the end of June. Three small roundhouses, an iron-working workshop and dozens of pits were excavated. The larger Area 2b saw a team of up to ten people excavate hundreds of features over ten weeks, including two more roundhouses (one of which was extremely well-preserved), corndrying kilns, small enclosures and pits associated with bronze casting.

The fieldwork phase of this project is almost complete, with a small extension to Area 2 to be undertaken at a later date.

Training & Human Resources

With our focus this year on performance and delivery, we supported a Continuous Professional Development scheme and strived to give everyone the opportunity and the encouragement to develop their skills and be the best in their field. Over the years we have built an experienced team which combines archaeological knowledge, individual specialisms and management skills. We continued to facilitate knowledge transfer to junior staff through mentoring and training-on-the-job initiatives.

Health & Safety has been as important as ever in our training portfolio and all our field staff are fully qualified with industry-recognised qualifications to comply with CDM regulations. We have appointed H&S consultants to ensure that our standards match the industry we work in and that our staff are allowed to carry out their work in a safe manner. We were very pleased that our H&S and quality procedures were verified by the Achilles Verify Scheme for contractors in the Utilities industry.

We have benefited a great deal from a series of business development and management training courses funded by Scottish Enterprise and we are very grateful to them for investing in us and contributing to our skills base.

We work hard to create an environment where our people feel valued, respected and motivated and where they enjoy what they do. We rolled out this year an improved system of annual reviews and performance appraisals. We have improved our internal communications to encourage staff engagement and exchange of ideas between teams and offices.

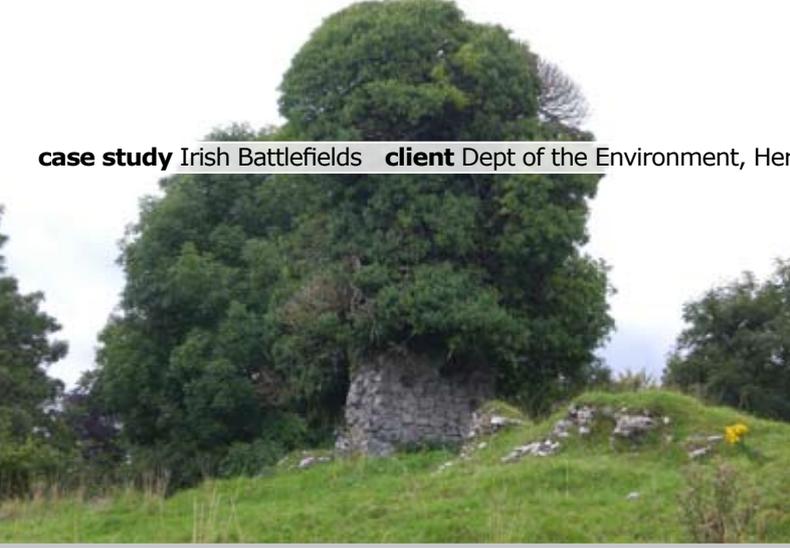
Outlook

This year will be an important one for us as we help our clients to deliver their projects profitably in such uncertain economic times. Bringing value has never been so important. We have a strong management team focused on delivery, balancing a commercial outlook with the professionalism and ethics of the heritage sector.

We will be building up our presence in the new regions and delivering the quality service our clients have come to expect from us. We will also be developing our Centres of Excellence to serve our internal market more efficiently.

New times call for new thinking and with our clients' interests in mind we have used their feedback to develop a number of new services and we will be rolling these out to the market. We think this coming year will give us the chance to show how different we are and how we can bring real value to serve our clients' best interests.

case study Irish Battlefields **client** Dept of the Environment, Heritage & Local Government **contract value to date** €290,000



The Irish Battlefields Project was initiated by the Minister of the Environment, Heritage & Local Government in 2007. The aim of the project is to assist in identifying the appropriate statutory protection under the National Monuments Acts 1930–2004 that should be extended to battlefield sites in the Republic of Ireland within the ongoing consolidation and modernisation of this legislative code. It also seeks to determine the

battlefields extent for the purpose of making recommendations within the planning system with regard to development in these areas. The Minister appointed an expert advisory panel to oversee the work and, following this, Headland Archaeology (Ireland) Ltd and Eneclann Ltd were commissioned to conduct the research and fieldwork necessary for report production.





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