

# Consolidated income statement

For the year ended 31 December 2009

|  | Note  | 2009   |   |                    | 2008<br>(restated)                                     |   |                    |
|--|-------|--|---|--------------------|--|---|--------------------|
|  |       | Before amortisation, impairment and exceptional items<br>£ million | Amortisation, impairment and exceptional items<br>(note 5)<br>£ million | Total<br>£ million | Before amortisation and exceptional items<br>£ million | Amortisation and exceptional items<br>(note 5)<br>£ million | Total<br>£ million |
| <b>Continuing operations</b>                                   |       |  |   |                    |  |   |                    |
| <b>Revenue</b>   | 2 & 3 | <b>2,539.1</b>   | –   | <b>2,539.1</b>     | 2,606.4  | –   | 2,606.4            |
| Cost of sales  |       | <b>(2,162.4)</b>   | <b>2.2</b>  | <b>(2,160.2)</b>   | (2,267.4)  | –   | (2,267.4)          |
| <b>Gross profit</b>  |       | <b>376.7</b>   | <b>2.2</b>  | <b>378.9</b>       | 339.0  | –   | 339.0              |
| Administrative expenses  |       | <b>(189.5)</b>   | <b>(15.7)</b>   | <b>(205.2)</b>     | (157.6)  | (9.2)   | (166.8)            |
| Profit on business disposals and closures                      |       | –  | <b>10.4</b>   | <b>10.4</b>        | –  | 109.0   | 109.0              |
| <b>Profit/(loss) before net financing income</b>               | 4     | <b>187.2</b>   | <b>(3.1)</b>  | <b>184.1</b>       | 181.4  | 99.8  | 281.2              |
| Financial income   |       | <b>12.4</b>  | –   | <b>12.4</b>        | 32.1   | –   | 32.1               |
| Financial expense  |       | <b>(5.1)</b>   | –   | <b>(5.1)</b>       | (6.7)  | –   | (6.7)              |
| Net financing income   | 7     | <b>7.3</b>   | –   | <b>7.3</b>         | 25.4   | –   | 25.4               |
| Share of post-tax results of joint ventures                    | 2     | <b>12.1</b>  | –   | <b>12.1</b>        | –  | –   | –                  |
| <b>Profit/(loss) before income tax</b>                         | 2     | <b>206.6</b>   | <b>(3.1)</b>  | <b>203.5</b>       | 206.8  | 99.8  | 306.6              |
| Income tax   | 8     | <b>(53.0)</b>  | <b>6.2</b>  | <b>(46.8)</b>      | (62.7)   | (34.2)  | (96.9)             |
| <b>Profit for the year from continuing operations</b>          |       | <b>153.6</b>   | <b>3.1</b>  | <b>156.7</b>       | 144.1  | 65.6  | 209.7              |
| <b>Profit/(loss) for the year from discontinued operations</b> | 9     | <b>2.0</b>   | <b>13.9</b>   | <b>15.9</b>        | 1.0  | (11.7)  | (10.7)             |
| <b>Profit for the year</b>                                     |       | <b>155.6</b>   | <b>17.0</b>   | <b>172.6</b>       | 145.1  | 53.9  | 199.0              |
| <b>Attributable to:</b>  |       |  |   |                    |  |   |                    |
| Equity holders of the parent                                   |       |  |   | <b>171.7</b>       |  |   | 199.7              |
| Minority interests   |       |  |   | <b>0.9</b>         |  |   | (0.7)              |
|  |       |  |   | <b>172.6</b>       |  |   | 199.0              |
| <b>Basic earnings/(loss) per share:</b>                        | 10    |  |   |                    |  |   |                    |
| Continuing operations  |       |  |   | <b>47.6p</b>       |  |   | 64.5p              |
| Discontinued operations  |       |  |   | <b>4.9p</b>        |  |   | (3.3)p             |
|  |       |  |   | <b>52.5p</b>       |  |   | 61.2p              |
| <b>Diluted earnings/(loss) per share:</b>                      | 10    |  |   |                    |  |   |                    |
| Continuing operations  |       |  |   | <b>46.7p</b>       |  |   | 63.1p              |
| Discontinued operations  |       |  |   | <b>4.8p</b>        |  |   | (3.2)p             |
|  |       |  |   | <b>51.5p</b>       |  |   | 59.9p              |

# Consolidated statement of comprehensive income

For the year ended 31 December 2009

|   | Note | 2009<br>£ million | 2008<br>£ million |
|---|------|-------------------|-------------------|
| <b>Profit for the year</b>  |      | <b>172.6</b>      | 199.0             |
| Actuarial losses on defined benefit pension schemes                   | 14   | <b>(169.9)</b>    | (113.1)           |
| Tax on actuarial losses   |      | <b>57.0</b>       | 39.2              |
| Exchange movements on translation of foreign subsidiaries             |      | <b>(3.7)</b>      | 89.2              |
| Net gain/(loss) on hedges of net investment in foreign subsidiaries   | 19   | <b>11.6</b>       | (38.6)            |
| Cash flow hedges:   |      |                   |                   |
| Effective portion of changes in fair value                            |      | <b>6.6</b>        | (12.3)            |
| Transferred to the income statement                                   |      | <b>0.3</b>        | (0.3)             |
| Tax on effective portion of changes in fair value of cash flow hedges |      | <b>(2.2)</b>      | 3.7               |
| <b>Other comprehensive income</b>                                     |      | <b>(100.3)</b>    | (32.2)            |
| <b>Total comprehensive income</b>                                     |      | <b>72.3</b>       | 166.8             |
| <b>Attributable to:</b>   |      |                   |                   |
| Equity holders of the parent  |      | <b>71.6</b>       | 166.9             |
| Minority interests  |      | <b>0.7</b>        | (0.1)             |
| <b>Total comprehensive income</b>                                     |      | <b>72.3</b>       | 166.8             |

# Consolidated balance sheet

As at 31 December 2009

|  | Note | 31 December<br>2009<br>£ million | 31 December<br>2008<br>(restated)<br>£ million | 1 January<br>2008<br>(restated)<br>£ million |
|--|------|----------------------------------|--|--|
| <b>ASSETS</b>  |      |                                  |  |  |
| <b>Non-current assets</b>  |      |                                  |  |  |
| Property, plant and equipment                                    | 11   | 44.1                             | 50.6   | 57.6   |
| Intangible assets  | 12   | 454.4                            | 388.1  | 223.8  |
| Interests in joint ventures                                      | 13   | 61.0                             | 29.4   | 22.7   |
| Other investments  | 13   | 0.3                              | 1.0  | 0.8  |
| Derivative financial instruments                                 | 19   | 1.4                              | –  | –  |
| Retirement benefit assets  | 14   | 26.8                             | 165.7  | 248.0  |
| Deferred tax assets  | 15   | 68.4                             | 24.9   | 20.8   |
| <b>Total non-current assets</b>                                  |      | <b>656.4</b>                     | 659.7  | 573.7  |
| <b>Current assets</b>  |      |                                  |  |  |
| Inventories  | 16   | 5.4                              | 11.7   | 6.1  |
| Trade and other receivables                                      | 17   | 520.2                            | 676.0  | 529.4  |
| Derivative financial instruments                                 | 19   | 1.8                              | 9.6  | 3.1  |
| Current tax receivable   |      | 8.9                              | –  | –  |
| Short-term investments*  | 23   | 130.7                            | –  | –  |
| Cash and cash equivalents  | 23   | 612.0                            | 764.6  | 734.1  |
| Assets classified as held for sale                               |      | –                                | –  | 19.0   |
| <b>Total current assets</b>                                      |      | <b>1,279.0</b>                   | 1,461.9  | 1,291.7                                      |
| <b>Total assets</b>  | 2    | <b>1,935.4</b>                   | 2,121.6  | 1,865.4                                      |
| <b>LIABILITIES</b>   |      |                                  |  |  |
| <b>Current liabilities</b>                                       |      |                                  |  |  |
| Bank loans and overdrafts  |      | –                                | –  | (0.8)  |
| Trade and other payables   | 18   | (579.3)                          | (705.2)  | (626.4)                                      |
| Derivative financial instruments                                 | 19   | (10.6)                           | (21.2)   | (5.3)  |
| Current tax payable  |      | (69.3)                           | (81.9)   | (59.6)                                       |
| Liabilities classified as held for sale                          |      | –                                | –  | (5.4)  |
| <b>Total current liabilities</b>                                 |      | <b>(659.2)</b>                   | (808.3)  | (697.5)                                      |
| <b>Non-current liabilities</b>                                   |      |                                  |  |  |
| Bank loans   | 23   | –                                | (0.1)  | (0.1)  |
| Trade and other payables   | 20   | (16.3)                           | (28.3)   | –  |
| Derivative financial instruments                                 | 19   | (22.3)                           | (33.9)   | –  |
| Retirement benefit liabilities                                   | 14   | (30.9)                           | (9.5)  | (11.3)                                       |
| Deferred tax liabilities   | 15   | –                                | (31.3)   | (48.6)                                       |
| Provisions   | 21   | (180.4)                          | (204.3)  | (199.4)                                      |
| <b>Total non-current liabilities</b>                             |      | <b>(249.9)</b>                   | (307.4)  | (259.4)                                      |
| <b>Total liabilities</b>   | 2    | <b>(909.1)</b>                   | (1,115.7)                                      | (956.9)                                      |
| <b>Net assets</b>  | 2    | <b>1,026.3</b>                   | 1,005.9  | 908.5  |
| <b>EQUITY</b>  |      |                                  |  |  |
| Share capital  | 22   | 169.0                            | 169.0  | 168.7  |
| Share premium account  | 22   | 100.7                            | 100.7  | 99.5   |
| Hedging and translation reserves                                 | 22   | 72.5                             | 59.7   | 16.8   |
| Capital redemption reserve                                       | 22   | 17.2                             | 17.2   | 17.2   |
| Retained earnings  | 22   | 663.5                            | 656.7  | 605.5  |
| <b>Total equity attributable to equity holders of the parent</b> |      | <b>1,022.9</b>                   | 1,003.3  | 907.7  |
| Minority interests   |      | 3.4                              | 2.6  | 0.8  |
| <b>Total equity</b>  |      | <b>1,026.3</b>                   | 1,005.9  | 908.5  |

\*Short-term investments represents bank deposits of more than three months' term.

The accounts on pages 58 to 104 were approved by the board of directors on 4 March 2010 and were signed on its behalf by:

**SY Brikho**, Chief Executive

**IP McHoul**, Chief Financial Officer

# Consolidated statement of changes in equity

For the year ended 31 December 2009

|   | Share capital<br>£ million | Share premium<br>£ million | Hedging reserve<br>£ million | Translation reserve<br>£ million | Capital redemption reserve<br>£ million | Retained earnings<br>£ million | Total<br>£ million | Minority interests<br>£ million | Total equity<br>£ million |
|---|----------------------------|----------------------------|------------------------------|----------------------------------|---|--------------------------------|--------------------|---------------------------------|---------------------------|
| <b>As at 1 January 2009</b>   | 169.0                      | 100.7                      | (9.2)                        | 68.9                             | 17.2                                    | 639.4                          | <b>986.0</b>       | 2.6                             | <b>988.6</b>              |
| Restatement   | -                          | -                          | -                            | -                                | -                                       | 17.3                           | <b>17.3</b>        | -                               | <b>17.3</b>               |
| <b>As at 1 January 2009 (restated)</b>                                | 169.0                      | 100.7                      | (9.2)                        | 68.9                             | 17.2                                    | 656.7                          | <b>1,003.3</b>     | 2.6                             | <b>1,005.9</b>            |
| <b>Profit for the year</b>  | -                          | -                          | -                            | -                                | -                                       | 171.7                          | <b>171.7</b>       | 0.9                             | <b>172.6</b>              |
| Actuarial losses on defined benefit pension schemes                   | -                          | -                          | -                            | -                                | -                                       | (169.9)                        | <b>(169.9)</b>     | -                               | <b>(169.9)</b>            |
| Tax on actuarial losses   | -                          | -                          | -                            | -                                | -                                       | 57.0                           | <b>57.0</b>        | -                               | <b>57.0</b>               |
| Exchange movements on translation of foreign subsidiaries             | -                          | -                          | -                            | (3.5)                            | -                                       | -                              | <b>(3.5)</b>       | (0.2)                           | <b>(3.7)</b>              |
| Net gain on hedges of net investment in foreign subsidiaries          | -                          | -                          | -                            | 11.6                             | -                                       | -                              | <b>11.6</b>        | -                               | <b>11.6</b>               |
| Effective portion of changes in fair value of cash flow hedges        | -                          | -                          | 6.6                          | -                                | -                                       | -                              | <b>6.6</b>         | -                               | <b>6.6</b>                |
| Transferred to the income statement                                   | -                          | -                          | 0.3                          | -                                | -                                       | -                              | <b>0.3</b>         | -                               | <b>0.3</b>                |
| Tax on effective portion of changes in fair value of cash flow hedges | -                          | -                          | (2.2)                        | -                                | -                                       | -                              | <b>(2.2)</b>       | -                               | <b>(2.2)</b>              |
| <b>Other comprehensive income for the year</b>                        | -                          | -                          | 4.7                          | 8.1                              | -                                       | (112.9)                        | <b>(100.1)</b>     | (0.2)                           | <b>(100.3)</b>            |
| <b>Total comprehensive income for the year</b>                        | -                          | -                          | 4.7                          | 8.1                              | -                                       | 58.8                           | <b>71.6</b>        | 0.7                             | <b>72.3</b>               |
| Dividends   | -                          | -                          | -                            | -                                | -                                       | (50.3)                         | <b>(50.3)</b>      | (0.2)                           | <b>(50.5)</b>             |
| Equity settled share-based payments                                   | -                          | -                          | -                            | -                                | -                                       | 10.7                           | <b>10.7</b>        | -                               | <b>10.7</b>               |
| Tax on equity-settled share based payments                            | -                          | -                          | -                            | -                                | -                                       | 2.6                            | <b>2.6</b>         | -                               | <b>2.6</b>                |
| Acquisition of shares by trustees of the Performance Share Plan       | -                          | -                          | -                            | -                                | -                                       | (9.8)                          | <b>(9.8)</b>       | -                               | <b>(9.8)</b>              |
| Utilisation of treasury shares  | -                          | -                          | -                            | -                                | -                                       | 1.2                            | <b>1.2</b>         | -                               | <b>1.2</b>                |
| Acquisition of treasury shares  | -                          | -                          | -                            | -                                | -                                       | (6.4)                          | <b>(6.4)</b>       | -                               | <b>(6.4)</b>              |
| Acquisition of businesses   | -                          | -                          | -                            | -                                | -                                       | -                              | -                  | 0.3                             | <b>0.3</b>                |
| <b>As at 31 December 2009</b>   | <b>169.0</b>               | <b>100.7</b>               | <b>(4.5)</b>                 | <b>77.0</b>                      | <b>17.2</b>                             | <b>663.5</b>                   | <b>1,022.9</b>     | <b>3.4</b>                      | <b>1,026.3</b>            |

# Consolidated statement of changes in equity continued

For the year ended 31 December 2009

|   | Share capital<br>£ million | Share premium<br>£ million | Hedging reserve<br>£ million | Translation reserve<br>£ million | Capital redemption reserve<br>£ million | Retained earnings<br>£ million | Total<br>£ million | Minority interests<br>£ million | Total equity<br>£ million |
|---|----------------------------|----------------------------|------------------------------|----------------------------------|---|--------------------------------|--------------------|---------------------------------|---------------------------|
| <b>As at 1 January 2008</b>   | 168.7                      | 99.5                       | (1.9)                        | 18.7                             | 17.2                                    | 590.4                          | <b>892.6</b>       | 0.8                             | <b>893.4</b>              |
| Restatement   | -                          | -                          | -                            | -                                | -                                       | 15.1                           | <b>15.1</b>        | -                               | <b>15.1</b>               |
| <b>As at 1 January 2008 (restated)</b>                                | 168.7                      | 99.5                       | (1.9)                        | 18.7                             | 17.2                                    | 605.5                          | <b>907.7</b>       | 0.8                             | <b>908.5</b>              |
| <b>Profit/(loss) for the year</b>                                     | -                          | -                          | -                            | -                                | -                                       | 199.7                          | <b>199.7</b>       | (0.7)                           | <b>199.0</b>              |
| Actuarial losses on defined benefit pension schemes                   | -                          | -                          | -                            | -                                | -                                       | (113.1)                        | <b>(113.1)</b>     | -                               | <b>(113.1)</b>            |
| Tax on actuarial losses   | -                          | -                          | -                            | -                                | -                                       | 39.2                           | <b>39.2</b>        | -                               | <b>39.2</b>               |
| Exchange movements on translation of foreign subsidiaries             | -                          | -                          | -                            | 88.6                             | -                                       | -                              | <b>88.6</b>        | 0.6                             | <b>89.2</b>               |
| Net gain on hedges of net investment in foreign subsidiaries          | -                          | -                          | -                            | (38.6)                           | -                                       | -                              | <b>(38.6)</b>      | -                               | <b>(38.6)</b>             |
| Cash flow hedges:   |                            |                            |                              |                                  |   |                                |                    |                                 |                           |
| Effective portion of changes in fair value                            | -                          | -                          | (12.3)                       | -                                | -                                       | -                              | <b>(12.3)</b>      | -                               | <b>(12.3)</b>             |
| Transferred to the income statement                                   | -                          | -                          | (0.3)                        | -                                | -                                       | -                              | <b>(0.3)</b>       | -                               | <b>(0.3)</b>              |
| Tax on effective portion of changes in fair value of cash flow hedges | -                          | -                          | 3.7                          | -                                | -                                       | -                              | <b>3.7</b>         | -                               | <b>3.7</b>                |
| Other movements   | -                          | -                          | (0.3)                        | 0.2                              | -                                       | 0.1                            | -                  | -                               | -                         |
| <b>Other comprehensive income for the year</b>                        | -                          | -                          | (9.2)                        | 50.2                             | -                                       | (73.8)                         | <b>(32.8)</b>      | 0.6                             | <b>(32.2)</b>             |
| <b>Total comprehensive income for the year</b>                        | -                          | -                          | (9.2)                        | 50.2                             | -                                       | 125.9                          | <b>166.9</b>       | (0.1)                           | <b>166.8</b>              |
| Dividends (restated)  | -                          | -                          | -                            | -                                | -                                       | (43.3)                         | <b>(43.3)</b>      | -                               | <b>(43.3)</b>             |
| Shares issued   | 0.3                        | 1.2                        | -                            | -                                | -                                       | -                              | <b>1.5</b>         | -                               | <b>1.5</b>                |
| Equity settled share-based payments                                   | -                          | -                          | -                            | -                                | -                                       | 9.3                            | <b>9.3</b>         | -                               | <b>9.3</b>                |
| Tax on equity-settled share based payments                            | -                          | -                          | -                            | -                                | -                                       | (10.1)                         | <b>(10.1)</b>      | -                               | <b>(10.1)</b>             |
| Acquisition of shares by trustees of the Performance Share Plan (net) | -                          | -                          | -                            | -                                | -                                       | (8.8)                          | <b>(8.8)</b>       | -                               | <b>(8.8)</b>              |
| Acquisition of treasury shares (net)                                  | -                          | -                          | -                            | -                                | -                                       | (21.8)                         | <b>(21.8)</b>      | -                               | <b>(21.8)</b>             |
| Acquisition of businesses   | -                          | -                          | -                            | -                                | -                                       | -                              | -                  | 1.9                             | <b>1.9</b>                |
| Recognised in profit on disposal                                      | -                          | -                          | 1.9                          | -                                | -                                       | -                              | <b>1.9</b>         | -                               | <b>1.9</b>                |
| <b>As at 31 December 2008 (restated)</b>                              | 169.0                      | 100.7                      | (9.2)                        | 68.9                             | 17.2                                    | 656.7                          | <b>1,003.3</b>     | 2.6                             | <b>1,005.9</b>            |

# Consolidated cash flow statement

For the year ended 31 December 2009

|  | Note | 2009<br>£ million | 2008<br>£ million |
|--|------|-------------------|-------------------|
| <b>Cash flow from operating activities</b>   |      |                   |                   |
| Profit before income tax from continuing operations  |      | 203.5             | 306.6             |
| Profit/(loss) before income tax from discontinued operations   | 9    | 3.4               | (11.6)            |
| Profit before income tax   |      | 206.9             | 295.0             |
| Financial income   |      | (12.4)            | (32.1)            |
| Financial expense  |      | 5.1               | 6.7               |
| Share of post-tax results of joint ventures  |      | (12.1)            | -                 |
| Intangible amortisation and goodwill impairment  |      | 15.7              | 9.2               |
| Depreciation   |      | 13.9              | 19.2              |
| Profit on disposal of businesses   |      | (3.5)             | (110.6)           |
| Loss/(profit) on disposal of property, plant and equipment   |      | 0.8               | (2.8)             |
| Difference between cash flows in respect of defined benefit schemes and amounts recognised in the income statement |      | (11.4)            | (32.2)            |
| Equity settled share-based payments  |      | 10.7              | 9.3               |
|  |      | 213.7             | 161.7             |
| Decrease/(increase) in inventories   |      | 6.3               | (1.6)             |
| Decrease/(increase) in trade and other receivables   |      | 182.3             | (118.5)           |
| (Decrease)/increase in trade and other payables and provisions   |      | (160.0)           | 27.4              |
| <b>Cash generated from operations</b>  |      | <b>242.3</b>      | <b>69.0</b>       |
| Interest paid  |      | (2.3)             | (7.5)             |
| Tax paid   |      | (70.5)            | (73.2)            |
| <b>Net cash flow from operating activities</b>   |      | <b>169.5</b>      | <b>(11.7)</b>     |
| <b>Cash flow from investing activities</b>   |      |                   |                   |
| Acquisition of businesses (net of cash acquired)   |      | (117.6)           | (87.5)            |
| Acquisition of joint ventures  |      | (4.7)             | (5.2)             |
| Purchase of property, plant and equipment  |      | (9.3)             | (20.7)            |
| Purchase of intangible assets  |      | (5.7)             | (0.9)             |
| Investment in short-term bank deposits   |      | (130.7)           | -                 |
| Disposal of businesses (net of cash disposed of)   |      | (6.2)             | 136.7             |
| Disposal of joint ventures and other investments   |      | -                 | 18.7              |
| Disposal of property, plant and equipment  |      | 2.6               | 13.1              |
| Interest received  |      | 12.1              | 32.0              |
| Dividends received from joint ventures   |      | 9.0               | 0.6               |
| <b>Net cash flow from investing activities</b>   |      | <b>(250.5)</b>    | <b>86.8</b>       |
| <b>Net cash flow before financing activities</b>   |      |                   |                   |
|  |      | <b>(81.0)</b>     | <b>75.1</b>       |
| <b>Cash flow from financing activities</b>   |      |                   |                   |
| Repayment of loans   |      | (0.1)             | (0.1)             |
| Dividends paid   |      | (50.3)            | (43.7)            |
| Proceeds from shares issued  |      | -                 | 1.5               |
| Acquisition of treasury shares (net)   |      | (5.2)             | (21.8)            |
| Acquisition of shares by trustees of the Performance Share Plan  |      | (9.8)             | (8.8)             |
| <b>Net cash flow from financing activities</b>   |      | <b>(65.4)</b>     | <b>(72.9)</b>     |
| <b>(Decrease)/increase in cash and cash equivalents</b>  |      |                   |                   |
|  |      | <b>(146.4)</b>    | <b>2.2</b>        |
| Cash and cash equivalents as at the beginning of the year  |      | 764.6             | 733.4             |
| Exchange (losses)/gains on cash and cash equivalents   |      | (6.2)             | 29.0              |
| <b>Cash and cash equivalents as at the end of the year</b>   | 23   | <b>612.0</b>      | <b>764.6</b>      |
| <b>Cash and cash equivalents consist of:</b>   |      |                   |                   |
| Cash at bank and in hand   |      | 219.6             | 124.0             |
| Short-term investments (less than three months)  |      | 392.4             | 640.6             |
| <b>Cash and cash equivalents as at the end of the year</b>   | 23   | <b>612.0</b>      | <b>764.6</b>      |
| Short-term investments (more than three months)  |      | 130.7             | -                 |
| Non-current debt   |      | -                 | (0.1)             |
| <b>Net cash as at the end of the year</b>  |      | <b>742.7</b>      | <b>764.5</b>      |

# Notes to the consolidated accounts

## 1 Significant accounting policies

AMEC plc is a company domiciled in the UK.

### Statement of compliance

The consolidated accounts include the accounts of AMEC plc ('AMEC') and all of its subsidiaries made up to 31 December each year, and the group's share of the profit after interest and tax, and net assets of joint ventures and associates, based on the equity method of accounting.

In accordance with EU law (IAS Regulation EC 1606/2002), the consolidated accounts of the group have been prepared in accordance with International Financial Reporting Standards ('IFRS') adopted for use in the EU as at 31 December 2009 ('adopted IFRS'), International Financial Reporting Interpretations Committee ('IFRIC') interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The company has elected to prepare its parent company accounts in accordance with UK Generally Accepted Accounting Principles ('UK GAAP'); these are presented on pages 105 to 111.

### Accounting standards adopted in the year and restatements

IFRIC 14 "IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" was adopted during the year. Adoption of this interpretation has no impact on the group's reported results or net financial position. On adoption, tax on the retirement benefit asset has been reclassified as deferred tax on the balance sheet. This deferred tax liability had previously been taken into account in measuring the retirement benefit asset. The impact of restating the balance sheet for this change in presentation is to increase the retirement benefit asset as at 31 December 2008 by £58.0 million (1 January 2008: £86.7 million), decrease the deferred tax asset as at 31 December 2008 by £26.7 million (1 January 2008: £38.1 million), and increase the deferred tax liability as at 31 December 2008 by £31.3 million (1 January 2008: £48.6 million).

IFRS 2 "Amendments to IFRS 2 Shared-Based Payment: Vesting Conditions and Cancellations" was adopted during the year. Adoption of this standard has no impact on the group's reported results or net financial position.

IFRS 8 "Operating Segments" was adopted during the year. This more closely aligns the disclosure of segment information to internal management information. Adoption of this standard has no impact on the group's reported results or financial position.

Following changes to IAS10 "Events after the reporting period" introduced by "Improvements to IFRSs (2008)" which was adopted during the year, it is no longer appropriate to record interim dividends payable based on the constructive obligation created by the announcement of such dividends by the Board. Accordingly our interim

dividend declared each year in August, and payable early in the January following the year to which it relates, is no longer recognised as a liability at 31 December and is only accounted for when paid. The comparative balance sheets as at 31 December 2008 and 1 January 2008 have been restated for this change, resulting in an increase in net assets of £17.3 million (1 January 2008: £15.1 million). This change has no impact on reported cash flow or income statement for the years then ended.

IAS 1 "Presentation of Financial Statements" (revised September 2007) was adopted during the year. This results in a number of terminology changes and changes in presentation and disclosure, including presenting a consolidated statement of comprehensive income to replace the consolidated statement of recognised income and expense, and the inclusion of a consolidated statement of changes in equity. IAS 1 also requires the inclusion of a balance sheet as at 1 January 2008, and related notes, following the reclassification of the tax on the retirement benefit asset, and restatement in respect of interim dividends, referred to above.

The consolidated income statement for the year ended 31 December 2008 has been restated to adjust the reported results of the Nuclear businesses from a full absorption costing basis under which all overheads were included in cost of sales to a basis consistent with the rest of the group whereby fixed overheads are reported as administrative expenses. Cost of sales for the year ended 31 December 2008 has been reduced by £25.1 million and administrative expenses increased by the same amount. These restatements have no impact on the group's reported profit.

### Basis of preparation

The accounts are presented in Sterling, rounded to the nearest hundred thousand. They are prepared on the historical cost basis except that derivative financial instruments and retirement benefit assets and liabilities are stated at fair value.

The preparation of accounts in accordance with generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is

## 1 Significant accounting policies continued

revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Some of these policies require a high level of judgement, and AMEC believes that the most critical accounting policies and significant areas of judgement and estimation arise from the accounting for defined benefit pension schemes under IAS 19 'Employee benefits', for long-term contracts under IAS 11 'Construction contracts' and for provisions under IAS 37 'Provisions, contingent liabilities and contingent assets'.

Defined benefit pension schemes are accounted for in accordance with the advice of independent qualified actuaries but significant judgements are required in relation to the assumptions for future salary and pension increases, discount rate, inflation, investment returns and member life expectancy that underpin their valuations. For AMEC, these assumptions are important given the relative size of the schemes that remain open.

A significant amount of the group's activities is undertaken via long-term contracts. These contracts are accounted for in accordance with IAS 11 which requires estimates to be made for contract costs and revenues.

Management base their judgements of contract costs and revenues on the latest available information, which includes detailed contract valuations. In many cases the results reflect the expected outcome of long-term contractual obligations which span more than one reporting period. Contract costs and revenues are affected by a variety of uncertainties that depend on the outcome of future events and often need to be revised as events unfold and uncertainties are resolved. The estimates of contract costs and revenues are updated regularly and significant changes are highlighted through established internal review procedures. In particular, the internal reviews focus on the timing and recognition of incentive payments and the age and recoverability of any unagreed income from variations to the contract scope or claims. The impact of the changes in accounting estimates is then reflected in the ongoing results.

When accounting for provisions for litigation and other items the group has taken internal and external advice in considering known legal claims and actions made by or against the group. It carefully assesses the likelihood of success of a claim or action. Appropriate provisions are made for legal claims or actions against the group on the basis of likely outcome, but no provisions are made for those which in the view of management are unlikely to succeed.

In accordance with IFRS 5, the post-tax results of discontinued operations are disclosed separately in the consolidated income statement.

The non-core Built Environment businesses were sold during 2007 and are treated as discontinued operations. Other discontinued operations include pipeline construction businesses which were sold during 2006 and 2007, and SPIE, which was sold in 2006. The cash flows of discontinued operations are fully consolidated within AMEC up to the date of sale and the assets and liabilities of discontinued operations that had not been sold at 31 December 2007 were shown separately on the consolidated balance sheet as at that date. The results and other disclosures in respect of discontinued operations are shown in note 9.

During 2006 IFRIC 12 on service concession arrangements was issued. This interpretation has been adopted for use in the EU in respect of accounting periods beginning on or after 29 March 2009. In view of this, the directors consider that it remains appropriate to apply the approach set out in Appendix Note F of the UK Financial Reporting Standard 5 "Reporting the substance of transactions" in determining the accounting model to be applied to AMEC's PPP activities. This involves applying a "risks and rewards" test to determine whether a non-current asset or finance debtor model should be followed. The directors do not expect this accounting policy to be significantly different to that under IFRIC 12.

### Going concern

The directors are satisfied that the group has adequate resources to operate for the foreseeable future. At 31 December 2009 the group held net cash of £742.7 million and forecasts for the business indicate average weekly net cash for 2010 of £700 million.

The group will finance operations and growth from its significant existing cash resources. The group's policy aims to ensure the constant availability of an appropriate amount of funding to meet both current and future forecast requirements consistent with the group's budget and strategic plans. The group had committed facilities of £315 million available as at 31 December 2008, of which £122 million lapsed on 27 February 2009 and £193 million on 9 July 2009.

Given the group's significant cash resources the decision was made during 2008 not to renew the facilities. This decision has been kept under review during 2009. However, appropriate facilities will be maintained to meet ongoing requirements for performance related bonding and letters of credit.

Cash deposits and financial transactions give rise to credit risk in the event that counterparties fail to perform under the contract. AMEC manages these risks by ensuring that surplus funds are placed with a diversified range of 25-30 mainstream banks and with each counterparty up to a pre-approved limit. These limits are set at prudent levels

# Notes to the consolidated accounts continued

## 1 Significant accounting policies continued

by the board, are based primarily on credit ratings set by Moody's, Standard & Poors and Fitch and have been reviewed in light of the recent market turbulence.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated accounts.

### Basis of consolidation

A subsidiary is an entity controlled by AMEC. Control is achieved where AMEC has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The results of subsidiaries are included in the consolidated accounts from the date that control commences until the date that control ceases.

A joint venture entity is an entity over whose activities AMEC has joint control, established by contractual agreement. An associate is an entity in which AMEC has significant influence, but not control, over the financial and operating policies. The consolidated accounts include the group's share of the total recognised gains and losses of associates and joint venture entities on an equity accounted basis. The results of joint venture entities and associates are included in the consolidated accounts from the date that joint control or significant influence commences until the date that it ceases.

Losses of a joint venture or an associate are recognised only to the extent of the group's interest in the joint venture or associate, unless the group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate.

Jointly controlled operations and assets where each party has its own separate interest in particular risks and rewards, are accounted for by including the attributable share of the assets it controls, liabilities and cash flows it incurs and its share of the income measured according to the terms of the arrangement.

### Bid costs

Bid costs are expensed as incurred until the group is appointed as the preferred bidder. Subsequent to appointment as preferred bidder, bid costs are capitalised and held on the balance sheet provided the award of the contract is virtually certain and it is expected to generate sufficient net cash flow to allow recovery of the bid costs. Where bid costs are reimbursed at financial close, the proceeds are applied first against the balance of costs included in the balance sheet, with any additional amounts treated as deferred income and released to profit over the period of the contract.

### Business combinations and goodwill

The purchase method is used to account for all business combinations.

Goodwill represents the excess of the fair value of the purchase consideration over the fair value of the assets, liabilities and contingent liabilities acquired.

Goodwill arising on acquisitions since 1 January 2004 is capitalised and subject to an impairment review, both annually and when there are indications that its carrying value may not be recoverable. Goodwill is not amortised.

### Cash and cash equivalents and short-term investments

Cash comprises cash balances and deposits repayable on demand and available within one working day without penalty.

Cash equivalents are other deposits with a maturity period of three months or less from date of acquisition; convertible without an undue period of notice and not subject to a significant risk of changes in value.

Bank overdrafts that are repayable on demand and form an integral part of AMEC's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Deposits with a maturity period of more than three months from the date of acquisition are classified as short-term investments.

### Discontinued operations and assets and liabilities held for sale

A discontinued operation is a separate major line of business or geographic area of operations that has either been disposed of or is held for sale, is a subsidiary acquired exclusively with a view to resale or is part of a plan to dispose of a major line of business or geographical area. An operation is classified as a discontinued operation in the year that the above criteria are met. The comparative income statement is restated to show the operation as discontinued from the start of the comparative period.

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, and retirement benefit assets, which continue to be measured in accordance with the group's accounting policies.

## 1 Significant accounting policies continued

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

### Employee benefits

#### Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised in the income statement as incurred.

#### Defined benefit plans

The group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) is deducted. The liability discount rate is the yield at the balance sheet date on AA rated corporate bonds that have maturity dates approximating to the terms of the group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

Actuarial gains and losses are recognised directly in equity in the year in which they arise.

### Financial instruments

Financial instruments are initially recorded at fair value. Subsequent valuation depends on the designation of the instrument.

Cash, deposits and short-term investments are held at amortised cost.

Derivative financial instruments are recognised initially and subsequently at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of derivative financial instruments is determined by reference to market values for similar financial instruments or by discounting the expected future cash flows at prevailing interest rates.

The sale and purchase of derivative financial instruments are non-speculative.

#### Cash flow hedges

Where a derivative financial instrument is designated as a hedge against the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, any gain or loss on the effective part of the derivative financial instrument is recognised directly in the hedging reserve. The gain or loss on any ineffective portion of the hedge is recognised immediately in the income statement.

Hedge accounting is discontinued when the hedging instrument no longer meets the criteria for hedge accounting, expires, or is sold, terminated or exercised. The cumulative gain or loss previously recognised in the hedging reserve remains there until the forecast transaction occurs. Where the hedged item is a non-financial asset, the cumulative gain or loss in the hedging reserve is transferred to the carrying amount of the asset when the asset is recognised. In other cases the cumulative gain or loss in the hedging reserve is transferred to profit or loss in the same period that the hedged item affects profit or loss.

#### Fair value hedges

Where a derivative financial instrument is designated as a hedge against the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the income statement. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at amortised cost) and any gains or losses on re-measurement are recognised immediately in the income statement.

When hedge accounting ceases, any adjustment made to the carrying amount of the hedged item as a consequence of the fair value hedge relationship, is recognised in the income statement over the remaining life of the hedged item.

#### Foreign currencies

At an individual entity level, transactions in a currency other than the functional currency of the entity are translated to the functional currency at the exchange rate ruling at the day of the transaction. Entities which have multiple foreign currency transactions apply the average rate for the month as an approximation of the exchange rate on the day of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date and any foreign exchange differences arising are recognised in the income statement. Non-monetary assets and liabilities are measured in terms of historical cost and are translated using the exchange rate at the date of the transaction.

On consolidation, the results of entities with a functional currency other than sterling are translated into sterling using a monthly average exchange rate. The net assets of such entities are translated into sterling at the closing exchange rate with any gain or loss also reported in the translation reserve.

# Notes to the consolidated accounts continued

## 1 Significant accounting policies continued

Exchange differences arising on the translation of foreign currency net investments and any foreign currency borrowings, or forward contracts used to hedge those investments, are taken to a translation reserve. They are recycled and recognised as a profit or loss on the disposal or closure of a business. The cumulative translation difference for all foreign operations was deemed to be zero as at 1 January 2004, the date of transition to adopted IFRS.

### Impairment

The carrying values of all of the group's assets other than inventories, balances on long-term contracts and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there are indications of an impairment in the carrying value then the recoverable amount is estimated and compared to the carrying amount. For goodwill and assets not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised to the extent that the carrying value of an asset exceeds its recoverable amount.

### Intangible assets other than goodwill

Intangible assets acquired by the group, which include software, customer relationships, trademarks and order backlogs are stated at cost less accumulated amortisation and impairment losses. The cost of an intangible asset acquired in a business combination is fair value at date of acquisition.

Amortisation is charged to the income statement on a straight line basis over the estimated useful lives of intangible assets, from the date they are available for use.

The estimated lives of intangible assets held at 31 December 2009 are as follows:

|                        |                     |
|------------------------|---------------------|
| Software               | Three to five years |
| Customer relationships | Two to ten years    |
| Brand/trademarks       | Up to five years    |
| Other                  | Up to six years     |

### Inventories

Inventories, including land held for and in the course of development, are stated at the lower of cost and net realisable value.

Development land and work in progress is included at cost less any losses foreseen in completing and disposing of the development. Cost includes cost of acquisition and development to date, including directly attributable fees and expenses net of rental and other income attributable to the development.

### Leases

Operating lease costs are charged to the income statement on a straight line basis over the period of the lease.

### Long-term contracts

As soon as the outcome of a long-term contract can be estimated reliably, contract revenue and expenses are recognised in the income statement in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed. When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable, and contract costs are expensed as incurred. An expected loss on a contract is recognised immediately in the income statement.

Revenue in respect of variations to the contract scope and claims is recognised when it is probable that it will be received and is capable of being reliably measured. Incentive payments are recognised when a contract is sufficiently far advanced that it is probable that the required conditions will be met and the amount of the payment can be reliably measured.

The gross amounts due from customers under long-term contracts are stated at cost plus recognised profits, less provision for recognised losses and progress billings. These amounts are reported in trade and other receivables.

Payments on account in excess of the gross amounts due from customers are included in trade and other payables.

### Net financing income

Net financing income comprises interest receivable on funds invested, interest payable, the unwinding of discounted balances and foreign exchange gains and losses. Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Directly attributable finance costs are capitalised in the cost of purchased and constructed property, plant and equipment, until the relevant assets are brought into operational use. The only material projects where this has occurred are those held in the group's investments in joint ventures which are involved in PPP projects to finance, design and build assets and operate them on behalf of the customer.

## 1 Significant accounting policies continued

### Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment as at 1 January 2004, the date of transition to adopted IFRS, was determined by reference to its fair value at that date.

Depreciation is provided on all property, plant and equipment, with the exception of freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its estimated useful life. Reviews are made annually of the estimated remaining lives and residual values of individual assets.

The estimated lives used are:

|                              |   |
|------------------------------|---|
| Freehold buildings           | Up to 50 years                            |
| Leasehold land and buildings | The shorter of the lease term or 50 years |
| Plant and equipment          | Mainly three to five years                |

### Provisions for litigation and other items

The group has taken internal and external advice in considering known legal claims and actions made by or against the group. It carefully assesses the likelihood of success of a claim or action. Appropriate provisions are made for legal claims or actions against the group on the basis of likely outcome, but no provisions are made for those, which in the view of management are unlikely to succeed.

### Revenue

Revenue is measured at the fair value of consideration received or receivable, excluding value added tax, for goods and services supplied to external customers. It includes the group's share of revenue from work carried out under jointly controlled operations.

Revenue from services and construction contracts is recognised by reference to the stage of completion of the contract, as set out in the accounting policy for long-term contracts.

Revenue from developments activities is recognised on completion of a signed sale agreement after all material conditions have been met.

### Share-based payments

There are various share-based payment arrangements which allow AMEC employees to acquire AMEC shares; these awards are granted by AMEC. The fair value of awards granted is recognised as a cost of employment with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during

which the employees become unconditionally entitled to the award. The fair value of the award is measured using a valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of shares that vest except where non-vesting is due to share prices or total shareholder return not achieving the threshold for vesting.

### Taxation

Income tax expense comprises the sum of current tax charge and the movement in deferred tax.

Current tax payable or recoverable is based on taxable profit for the year using tax rates and laws that have been enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years. Tax is recognised in the income statement except to the extent that it relates to items recognised in equity, in which case it is recognised in equity.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences with deferred tax assets being recognised where it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and adjustments made to the extent that it is no longer probable that sufficient profits will be available.

Assets and liabilities are not recognised if the temporary differences arise from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither accounting nor taxable profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted to apply when the deferred tax asset is realised or the liability is settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and it is intended that they will be settled on a net basis.

# Notes to the consolidated accounts continued

## 2 Segmental analysis of continuing operations

AMEC has three divisions that offer high-value consultancy, engineering and project management services to different end markets in the world's natural resources, nuclear, clean energy, water and environmental sectors. AMEC is organised by division, each of which is managed separately and considered to be a reportable segment. AMEC's Chief Executive together with the senior management team constitute the chief operating decision maker and they regularly review the performance of these three divisions. The Investments and other activities segment comprises various legacy businesses. Details of the services offered by each division and the end markets in which they operate are given in the business and financial review on pages 10 to 25.

### Revenue and results

|   | Revenue           |                   | Profit/(loss)     |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 2009<br>£ million | 2008<br>£ million | 2009<br>£ million | 2008<br>£ million |
| <b>Class of business:</b>                       |                   |                   |                   |                   |
| Natural Resources                               | <b>1,300.9</b>    | 1,204.2           | <b>154.3</b>      | 129.3             |
| Power & Process                                 | <b>788.1</b>      | 1,021.8           | <b>55.4</b>       | 58.3              |
| Earth & Environmental                           | <b>470.8</b>      | 400.2             | <b>36.5</b>       | 33.5              |
| Investments and other activities                | <b>13.7</b>       | 20.0              | <b>0.2</b>        | 1.2               |
|   | <b>2,573.5</b>    | 2,646.2           | <b>246.4</b>      | 222.3             |
| Internal revenue                                | <b>(34.4)</b>     | (39.8)            | -                 | -                 |
| Total revenue                                   | <b>2,539.1</b>    | 2,606.4           | -                 | -                 |
| Corporate costs <sup>1</sup>                    |                   |                   | <b>(38.1)</b>     | (37.4)            |
| EBITA <sup>2</sup>                              |                   |                   | <b>208.3</b>      | 184.9             |
| Net financing income                            |                   |                   | <b>7.3</b>        | 25.4              |
| Adjusted profit before tax                      |                   |                   | <b>215.6</b>      | 210.3             |
| Other items <sup>3</sup>                        |                   |                   | <b>(3.7)</b>      | (2.1)             |
| Intangible amortisation and goodwill impairment |                   |                   | <b>(15.7)</b>     | (9.2)             |
| Exceptional items                               |                   |                   | <b>12.6</b>       | 109.0             |
| Tax on results of joint ventures                |                   |                   | <b>(5.3)</b>      | (1.4)             |
| Profit before income tax                        |                   |                   | <b>203.5</b>      | 306.6             |

#### Notes

- Corporate costs comprise the costs of operating central corporate functions and certain regional overheads.
- EBITA is earnings of continuing operations before net financing income, tax, intangible amortisation and goodwill impairment, pre-tax exceptional items and £3.7 million (2008: £2.1 million) relating to elements of deferred consideration on acquisitions in the Earth & Environmental division, but including joint venture profit before tax.
- Other items comprise elements of deferred consideration on acquisitions in the Earth & Environmental division which, in line with IFRS 3, are included in profit before net financing income in the income statement, but are excluded from the measure of segment profit reported.

Transactions between reportable segments are conducted on an arm's length basis. Internal revenue of £34.4 million in 2009 is attributable to the segment as follows: Natural Resources £21.1 million; Power & Process £3.6 million; and Earth & Environmental £9.7 million.

## 2 Segmental analysis of continuing operations continued

### Assets and liabilities continued

|  | 31 December 2009            |                                  |   | 31 December 2008<br>(restated) |                                  |   |
|--|-----------------------------|----------------------------------|---|--------------------------------|----------------------------------|---|
|  | Segment assets<br>£ million | Segment liabilities<br>£ million | Segment net assets/(liabilities)<br>£ million | Segment assets<br>£ million    | Segment liabilities<br>£ million | Segment net assets/(liabilities)<br>£ million     |
| <b>Class of business:</b>                        |                             |                                  |   |                                |                                  |   |
| Natural Resources                                | 265.4                       | (276.2)                          | (10.8)  | 327.8                          | (281.4)                          | 46.4  |
| Power & Process                                  | 194.0                       | (182.6)                          | 11.4  | 254.1                          | (247.8)                          | 6.3   |
| Earth & Environmental                            | 112.1                       | (74.6)                           | 37.5  | 146.4                          | (96.8)                           | 49.6  |
| Investments and other activities                 | 60.4                        | (213.1)                          | (152.7)                                       | 39.8                           | (281.5)                          | (241.7)   |
|  | <b>631.9</b>                | <b>(746.5)</b>                   | <b>(114.6)</b>                                | <b>768.1</b>                   | <b>(907.5)</b>                   | <b>(139.4)</b>                                    |
| Goodwill   | 401.8                       | -                                | 401.8   | 345.5                          | -                                | 345.5   |
| Other intangible assets                          | 52.6                        | -                                | 52.6  | 42.6                           | -                                | 42.6  |
| Net cash   | 742.7                       | -                                | 742.7   | 764.6                          | (0.1)                            | 764.5   |
| Unallocated assets/(liabilities)                 | 106.4                       | (162.6)                          | (56.2)  | 200.8                          | (208.1)                          | (7.3)   |
|  | <b>1,935.4</b>              | <b>(909.1)</b>                   | <b>1,026.3</b>                                | <b>2,121.6</b>                 | <b>(1,115.7)</b>                 | <b>1,005.9</b>                                    |
|  |                             |                                  |   |                                |                                  | 1 January 2008<br>(restated)                      |
|  |                             |                                  |   | Segment assets<br>£ million    | Segment liabilities<br>£ million | Segment net assets/<br>(liabilities)<br>£ million |
| <b>Class of business:</b>                        |                             |                                  |   |                                |                                  |   |
| Natural Resources                                |                             |                                  |   | 272.0                          | (243.2)                          | 28.8  |
| Power & Process                                  |                             |                                  |   | 203.2                          | (260.2)                          | (57.0)  |
| Earth & Environmental                            |                             |                                  |   | 84.5                           | (51.3)                           | 33.2  |
| Investments and other activities                 |                             |                                  |   | 56.4                           | (241.6)                          | (185.2)   |
|  |                             |                                  |   | <b>616.1</b>                   | <b>(796.3)</b>                   | <b>(180.2)</b>                                    |
| Goodwill   |                             |                                  |   | 215.4                          | -                                | 215.4   |
| Other intangible assets                          |                             |                                  |   | 8.4                            | -                                | 8.4   |
| Net cash   |                             |                                  |   | 734.1                          | (0.9)                            | 733.2   |
| Unallocated assets/(liabilities)                 |                             |                                  |   | 272.4                          | (154.3)                          | 118.1   |
| Assets/(liabilities) classified as held for sale |                             |                                  |   | 19.0                           | (5.4)                            | 13.6  |
|  |                             |                                  |   | <b>1,865.4</b>                 | <b>(956.9)</b>                   | <b>908.5</b>                                      |

Goodwill is not directly attributable to business segments and the group does not monitor goodwill by segment in its internal management reporting. The most significant elements of unamortised goodwill arose on the acquisition of AGRA Inc. in April 2000. The ongoing operations of AGRA Inc. fall into each of the current business segments. Due to the time elapsed since this acquisition and the restructuring of the Group and its reported business segments over the last few years, it is not possible to allocate this goodwill on a reasonable basis between the current operating segments.

Unallocated net assets/(liabilities) principally comprise assets and liabilities relating to the pension schemes, dividends, derivative financial instruments and taxation and are not directly related to the activities of the segments.

# Notes to the consolidated accounts continued

## 2 Segmental analysis of continuing operations continued

### Other information

|                                  | Share of post-tax results of joint ventures |                   | Depreciation      |                   | Intangible amortisation |                   |
|----------------------------------|---|-------------------|-------------------|-------------------|-------------------------|-------------------|
|                                  | 2009<br>£ million                           | 2008<br>£ million | 2009<br>£ million | 2008<br>£ million | 2009<br>£ million       | 2008<br>£ million |
| <b>Class of business:</b>        |   |                   |                   |                   |                         |                   |
| Natural Resources                | 2.8   | 1.0               | 6.0               | 8.5               | 8.2                     | 5.5               |
| Power & Process                  | 11.8  | 1.2               | 3.9               | 5.3               | 1.9                     | 1.3               |
| Earth & Environmental            | (0.2)                                       | –                 | 3.7               | 4.1               | 4.3                     | 2.4               |
| Investments and other activities | (2.3)                                       | (2.2)             | 0.3               | 1.3               | –                       | –                 |
|                                  | <b>12.1</b>                                 | <b>–</b>          | <b>13.9</b>       | <b>19.2</b>       | <b>14.4</b>             | <b>9.2</b>        |

In addition to the intangible amortisation of £14.4 million, goodwill has been impaired by £1.3 million in 2009.

|                                  | Interests in joint ventures |                   | Property, plant and equipment |                   | Capital expenditure |                   |
|----------------------------------|-----------------------------|-------------------|-------------------------------|-------------------|---------------------|-------------------|
|                                  | 2009<br>£ million           | 2008<br>£ million | 2009<br>£ million             | 2008<br>£ million | 2009<br>£ million   | 2008<br>£ million |
| <b>Class of business:</b>        |                             |                   |                               |                   |                     |                   |
| Natural Resources                | 6.1                         | 0.6               | 5.6                           | 9.0               | 0.9                 | 0.4               |
| Power & Process                  | 6.8                         | 3.9               | 3.0                           | 6.7               | 1.0                 | –                 |
| Earth & Environmental            | 0.1                         | 0.3               | 0.7                           | 4.8               | 3.8                 | 0.5               |
| Investments and other activities | 48.0                        | 24.6              | –                             | 0.2               | –                   | –                 |
|                                  | <b>61.0</b>                 | <b>29.4</b>       | <b>9.3</b>                    | <b>20.7</b>       | <b>5.7</b>          | <b>0.9</b>        |

### Geographical origin

|   | Revenue           |                   | Profit/(loss)     |                   | Non-current assets |                   |
|---|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
|   | 2009<br>£ million | 2008<br>£ million | 2009<br>£ million | 2008<br>£ million | 2009<br>£ million  | 2008<br>£ million |
| United Kingdom                                  | 780.2             | 1,017.1           | 49.6              | 39.1              | 120.4              | 73.6              |
| Canada  | 839.3             | 718.5             | 122.9             | 114.6             | 232.3              | 224.0             |
| United States                                   | 601.3             | 535.1             | 40.6              | 38.1              | 97.5               | 114.6             |
| Rest of the world                               | 318.3             | 335.7             | 33.3              | 30.5              | 109.6              | 56.9              |
|   | <b>2,539.1</b>    | <b>2,606.4</b>    | <b>246.4</b>      | <b>222.3</b>      | <b>559.8</b>       | <b>469.1</b>      |
| Corporate costs <sup>1</sup>                    |                   |                   | (38.1)            | (37.4)            |                    |                   |
| EBITA <sup>2</sup>                              |                   |                   | 208.3             | 184.9             |                    |                   |
| Net financing income                            |                   |                   | 7.3               | 25.4              |                    |                   |
| Adjusted profit before tax                      |                   |                   | 215.6             | 210.3             |                    |                   |
| Other items <sup>3</sup>                        |                   |                   | (3.7)             | (2.1)             |                    |                   |
| Intangible amortisation and goodwill impairment |                   |                   | (15.7)            | (9.2)             |                    |                   |
| Exceptional items                               |                   |                   | 12.6              | 109.0             |                    |                   |
| Tax on results of joint ventures                |                   |                   | (5.3)             | (1.4)             |                    |                   |
| Profit before income tax                        |                   |                   | <b>203.5</b>      | <b>306.6</b>      |                    |                   |

The non-current assets analysed by geography include property, plant and equipment, intangible assets, interests in joint ventures and other investments.

Notes 1, 2, 3 are set out on page 70.

### 3 Revenue

|                        | 2009<br>£ million | 2008<br>£ million |
|------------------------|-------------------|-------------------|
| Construction contracts | <b>262.4</b>      | 532.7             |
| Services               | <b>2,276.7</b>    | 2,073.7           |
|                        | <b>2,539.1</b>    | 2,606.4           |

The revenue from construction contracts shown above is based on the definition of construction contracts included in IAS 11 and includes revenue from all contracts directly related to the construction of an asset even if AMEC's role is as a service provider, for example project management.

### 4 Profit before net financing income – continuing operations

|   | 2009<br>£ million | 2008<br>£ million |
|---|-------------------|-------------------|
| Depreciation of property, plant and equipment | <b>13.9</b>       | 19.2              |
| Minimum payments under operating leases       | <b>56.2</b>       | 63.7              |

There are no material receipts from subleases.

|  | 2009<br>£ million | 2008<br>£ million |
|--|-------------------|-------------------|
| Fees paid to auditors and their associates:                                      |                   |                   |
| Audit of these financial statements  | <b>0.3</b>        | 0.3               |
| The audit of subsidiaries, associates and joint ventures pursuant to legislation | <b>1.3</b>        | 1.3               |
| Other services relating to taxation  | <b>0.6</b>        | 0.7               |
| Services relating to corporate finance transactions                              | <b>–</b>          | 0.1               |
| All other services   | <b>0.1</b>        | –                 |
|  | <b>2.3</b>        | 2.4               |

## Notes to the consolidated accounts continued

### 5 Amortisation, impairment and exceptional items

|  | 2009<br>£ million | 2008<br>£ million |
|--|-------------------|-------------------|
| Exceptional items of continuing operations:                            |                   |                   |
| Cost of sales  | 2.2               | –                 |
| Profit on business disposals and closures                              | 10.4              | 109.0             |
|  | 12.6              | 109.0             |
| Taxation credit/(charge) on exceptional items of continuing operations | 1.5               | (37.2)            |
| Exceptional items of discontinued operations (post-tax)                | 13.9              | (11.7)            |
| Post-tax exceptional profits   | 28.0              | 60.1              |
| Intangible amortisation and goodwill impairment                        | (15.7)            | (9.2)             |
| Taxation credit on intangible amortisation and goodwill impairment     | 4.7               | 3.0               |
| Post-tax amortisation, impairment and exceptional items                | 17.0              | 53.9              |

Post-tax exceptional profits are further analysed as follows:

|                                | 2009                            |                                      |                    | 2008                                     |                                      |                    |
|--------------------------------|---------------------------------|--------------------------------------|--------------------|--|--------------------------------------|--------------------|
|                                | Gains on disposals<br>£ million | Other exceptional items<br>£ million | Total<br>£ million | Gains/(losses) on disposals<br>£ million | Other exceptional items<br>£ million | Total<br>£ million |
| Continuing operations          | 0.4                             | 12.2                                 | 12.6               | 110.7                                    | (1.7)                                | 109.0              |
| Discontinued operations        | 3.1                             | (0.3)                                | 2.8                | (0.1)                                    | (11.7)                               | (11.8)             |
| Profit/(loss) before tax       | 3.5                             | 11.9                                 | 15.4               | 110.6                                    | (13.4)                               | 97.2               |
| Tax                            | 12.0                            | 0.6                                  | 12.6               | (37.6)                                   | 0.5                                  | (37.1)             |
| <b>Profit/(loss) after tax</b> | <b>15.5</b>                     | <b>12.5</b>                          | <b>28.0</b>        | <b>73.0</b>                              | <b>(12.9)</b>                        | <b>60.1</b>        |

Two small businesses were divested during 2009 and, together with adjustments to provisions held in respect of businesses sold in prior years and foreign exchange movements on provisions established on the disposal of SPIE, resulted in an exceptional pre-tax gain on disposal of £3.5 million.

Other exceptional items of £11.9 million relate to the net release of provisions following positive developments in relation to various legacy projects.

During 2008, the UK Wind Developments business, excluding AMEC's share of the Isle of Lewis development, and a number of smaller businesses, were sold resulting in an aggregate pre-tax exceptional gain of £110.6 million (post-tax: £73.0 million).

Other exceptional items in 2008 included provision and other adjustments in relation to outstanding matters on various legacy projects.

## 6 Staff costs and employee numbers – continuing operations

|  | 2009<br>£ million | 2008<br>£ million            |
|--|-------------------|------------------------------|
| Wages and salaries   | 908.5             | 900.6                        |
| Social security costs                                      | 62.5              | 61.3                         |
| Equity settled share-based payments                        | 10.7              | 9.3                          |
| Contributions to defined contribution schemes              | 22.2              | 14.1                         |
| Defined benefit pension schemes expense/(income) (note 14) | 6.6               | (5.9)                        |
|  | <b>1,010.5</b>    | <b>979.4</b>                 |
|  | 2009<br>Number    | 2008<br>Number<br>(restated) |
| The average number of people employed was as follows:      |                   |                              |
| Natural Resources  | 7,613             | 8,710                        |
| Power & Process  | 5,927             | 6,648                        |
| Earth & Environmental                                      | 4,299             | 3,933                        |
| Investments and other activities                           | 215               | 272                          |
|  | <b>18,054</b>     | <b>19,563</b>                |

Details of directors' remuneration are provided in the directors' remuneration report on pages 47 to 57.

The average number of employees in the Power & Process division for the year ended 31 December 2008 has been restated to include all categories of employees in the Americas on a consistent basis.

The average number of employees as stated above excludes agency staff.

## 7 Net financing income – continuing operations

|  | 2009<br>£ million | 2008<br>£ million |
|--|-------------------|-------------------|
| <b>Financial income:</b>   |                   |                   |
| Interest income on bank deposits                                     | 7.6               | 28.7              |
| Other interest income  | 1.5               | –                 |
| Foreign exchange gains   | 3.3               | 3.4               |
|  | <b>12.4</b>       | <b>32.1</b>       |
| <b>Financial expense:</b>  |                   |                   |
| Interest expense on financial liabilities measured at amortised cost | (1.3)             | (2.2)             |
| Unwind of discount on deferred consideration                         | (2.8)             | –                 |
| Foreign exchange losses  | (1.0)             | (4.5)             |
|  | <b>(5.1)</b>      | <b>(6.7)</b>      |
| Net financing income   | <b>7.3</b>        | <b>25.4</b>       |

The above financial income and expenses include the following in respect of assets/(liabilities) not at fair value through profit or loss:

|   | 2009<br>£ million | 2008<br>£ million |
|---|-------------------|-------------------|
| Total interest income on financial assets       | 9.1               | 28.7              |
| Total interest expense on financial liabilities | (1.3)             | (2.2)             |

## Notes to the consolidated accounts continued

### 8 Income tax – continuing operations

Income tax arises in respect of the different categories of income and expenses as follows:

|   | 2009<br>£ million | 2008<br>£ million |
|---|-------------------|-------------------|
| Income tax expense on continuing operations before exceptionals,<br>intangible amortisation and goodwill impairment   | 53.0              | 62.7              |
| Income tax credit on intangible amortisation  | (4.7)             | (3.0)             |
| Income tax (credit)/charge in respect of exceptional items  | (1.5)             | 37.2              |
| Total income tax expense from continuing operations in the income statement   | 46.8              | 96.9              |
| Income tax in respect of joint ventures   | 5.3               | 1.4               |
| Total income tax for continuing operations  | 52.1              | 98.3              |
|   | 2009<br>£ million | 2008<br>£ million |
| <b>Current tax:</b>   |                   |                   |
| UK corporation tax at 28.0 per cent (2008: 28.5 per cent)   | 3.9               | 38.5              |
| Double tax relief   | (1.4)             | (4.0)             |
| Overseas tax  | 50.1              | 61.8              |
| Adjustments in respect of prior years   | (0.5)             | –                 |
|   | 52.1              | 96.3              |
| <b>Deferred tax:</b>  |                   |                   |
| UK deferred tax at 28.0 per cent (2008: 28.0 per cent), pension surplus at 35.0 per cent<br>(2008: 35.0 per cent) – origination and reversal of temporary differences | 5.7               | 13.1              |
| Overseas deferred tax   | (1.3)             | (9.2)             |
| Adjustments in respect of prior years   | (4.4)             | (1.9)             |
|   | –                 | 2.0               |
| Total income tax expense for continuing operations  | 52.1              | 98.3              |

## 8 Income tax – continuing operations continued

Factors affecting the tax expense for the year are explained as follows:

|  | 2009<br>£ million | 2008<br>£ million |
|--|-------------------|-------------------|
| Profit before income tax from continuing operations  | 203.5             | 306.6             |
| Add: tax on joint ventures   | 5.3               | 1.4               |
| Adjusted profit before income tax from continuing operations                               | 208.8             | 308.0             |
| Expected income tax expense  | 58.5              | 87.8              |
| Non-deductible expenses – pre-exceptional  | 9.9               | 8.5               |
| Non-deductible expenses – exceptional  | 1.3               | 5.7               |
| Non-taxable income   | (6.7)             | (4.7)             |
| Impact of providing deferred tax on pension surplus at 35.0 per cent                       | 0.8               | 2.3               |
| Impact of change in UK tax rate to 28.0 per cent on deferred tax                           | –                 | (0.7)             |
| Overseas income and expenses taxed at rates other than 28.0 per cent (2008: 28.5 per cent) | 9.1               | 9.7               |
| Change in recognition of deferred tax assets   | (15.9)            | (8.4)             |
| Adjustments in respect of prior years  | (4.9)             | (1.9)             |
| Total income tax expense for the year for continuing operations                            | 52.1              | 98.3              |

|   | 2009<br>£ million | 2008<br>£ million |
|---|-------------------|-------------------|
| <b>Tax recognised directly in equity:</b> |                   |                   |
| Current tax                               | (2.1)             | (2.4)             |
| Deferred tax (note 15)                    | (55.3)            | (30.4)            |
| Tax credit recognised directly in equity  | (57.4)            | (32.8)            |

## 9 Profit for the year from discontinued operations

Discontinued operations include the non-core Built Environment businesses, pipeline construction activities and SPIE.

In accordance with IFRS 5, the post-tax results of discontinued operations are disclosed separately in the consolidated income statement.

The results of the discontinued operations are as follows:

|   | 2009<br>£ million | 2008<br>£ million |
|---|-------------------|-------------------|
| Revenue   | –                 | 0.1               |
| Cost of sales and net operating expenses                | 0.6               | 0.1               |
| Profit before exceptional items and income tax          | 0.6               | 0.2               |
| Attributable tax  | 1.4               | 0.8               |
|   | 2.0               | 1.0               |
| Exceptional items                                       | (0.3)             | (11.7)            |
| Attributable tax on exceptional items                   | (0.1)             | 0.4               |
| Profit/(loss) on disposal                               | 3.1               | (0.1)             |
| Attributable tax on profit/(loss) on disposal           | 11.2              | (0.3)             |
| Profit/(loss) for the year from discontinued operations | 15.9              | (10.7)            |

## Notes to the consolidated accounts continued

### 10 Earnings per share

Basic and diluted earnings per share are shown on the face of the income statement. The calculation of the average number of shares in issue has been made having deducted the shares held by the trustees of the Performance Share Plan and Transformation Incentive Plan, those held by the qualifying employee share ownership trust and those held in treasury by the company.

|   | 2009                  |  |                                | 2008                  |  |                                |
|---|-----------------------|--|--------------------------------|-----------------------|--|--------------------------------|
|   | Earnings<br>£ million | Weighted<br>average<br>shares<br>number<br>million | Earnings<br>per share<br>pence | Earnings<br>£ million | Weighted<br>average<br>shares<br>number<br>million | Earnings<br>per share<br>pence |
| <b>Basic earnings from continuing operations</b>            | <b>155.8</b>          | <b>327.0</b>                                       | <b>47.6</b>                    | 210.4                 | 326.3  | 64.5                           |
| Share options   | -                     | 1.2  | (0.1)                          | -                     | 1.5  | (0.3)                          |
| Employee share and incentive schemes                        | -                     | 5.3  | (0.8)                          | -                     | 5.7  | (1.1)                          |
| <b>Diluted earnings from continuing operations</b>          | <b>155.8</b>          | <b>333.5</b>                                       | <b>46.7</b>                    | 210.4                 | 333.5  | 63.1                           |
| <b>Basic earnings/(loss) from discontinued operations</b>   | <b>15.9</b>           | <b>327.0</b>                                       | <b>4.9</b>                     | (10.7)                | 326.3  | (3.3)                          |
| Share options   | -                     | 1.2  | -                              | -                     | 1.5  | -                              |
| Employee share and incentive schemes                        | -                     | 5.3  | (0.1)                          | -                     | 5.7  | 0.1                            |
| <b>Diluted earnings/(loss) from discontinued operations</b> | <b>15.9</b>           | <b>333.5</b>                                       | <b>4.8</b>                     | (10.7)                | 333.5  | (3.2)                          |

Basic and diluted profit from continuing operations is calculated as set out below:

|   | 2009<br>£ million | 2008<br>£ million |
|---|-------------------|-------------------|
| Profit for the year from continuing operations      | <b>156.7</b>      | 209.7             |
| (Profit)/loss attributable to minority interests    | <b>(0.9)</b>      | 0.7               |
| Basic and diluted profit from continuing operations | <b>155.8</b>      | 210.4             |

## 10 Earnings per share continued

In order to appreciate the effects on the reported performance of intangible amortisation, goodwill impairment, exceptional items and the elements of deferred consideration on Earth & Environmental acquisitions which are reported within EBIT, additional calculations of earnings per share are presented.

|  | 2009                  |  |                                | 2008                  |  |                                |
|--|-----------------------|--|--------------------------------|-----------------------|--|--------------------------------|
|  | Earnings<br>£ million | Weighted<br>average<br>shares<br>number<br>million | Earnings<br>per share<br>pence | Earnings<br>£ million | Weighted<br>average<br>shares<br>number<br>million | Earnings<br>per share<br>pence |
| <b>Basic earnings from continuing operations</b>   | <b>155.8</b>          | <b>327.0</b>                                       | <b>47.6</b>                    | 210.4                 | 326.3  | 64.5                           |
| Exceptional items (post-tax)   | (14.1)                | -  | (4.3)                          | (71.8)                | -  | (22.0)                         |
| Amortisation and impairment (post-tax)   | 11.0                  | -  | 3.4                            | 6.2                   | -  | 1.9                            |
| Deferred consideration (post-tax)  | 3.7                   | -  | 1.1                            | 2.1                   | -  | 0.6                            |
| <b>Basic earnings from continuing operations before amortisation, impairment, deferred consideration and exceptional items</b>   | <b>156.4</b>          | <b>327.0</b>                                       | <b>47.8</b>                    | 146.9                 | 326.3  | 45.0                           |
| Share options  | -                     | 1.2  | (0.1)                          | -                     | 1.5  | (0.2)                          |
| Employee share and incentive schemes   | -                     | 5.3  | (0.8)                          | -                     | 5.7  | (0.8)                          |
| <b>Diluted earnings from continuing operations before amortisation, impairment, deferred consideration and exceptional items</b> | <b>156.4</b>          | <b>333.5</b>                                       | <b>46.9</b>                    | 146.9                 | 333.5  | 44.0                           |

# Notes to the consolidated accounts continued

## 11 Property, plant and equipment

|  | Land and buildings<br>£ million | Plant and equipment<br>£ million | Total<br>£ million |
|--|---------------------------------|----------------------------------|--------------------|
| Cost:                                  |                                 |                                  |                    |
| As at 1 January 2009                   | 23.5                            | 130.8                            | 154.3              |
| Exchange and other movements           | (0.3)                           | (2.7)                            | (3.0)              |
| Acquired through business combinations | –                               | 3.1                              | 3.1                |
| Additions                              | 3.2                             | 6.1                              | 9.3                |
| Disposals                              | (3.8)                           | (7.2)                            | (11.0)             |
| Disposal of businesses                 | (0.1)                           | (0.4)                            | (0.5)              |
| Reclassification                       | 0.8                             | (5.4)                            | (4.6)              |
| <b>As at 31 December 2009</b>          | <b>23.3</b>                     | <b>124.3</b>                     | <b>147.6</b>       |
| Depreciation:                          |                                 |                                  |                    |
| As at 1 January 2009                   | 11.2                            | 92.5                             | 103.7              |
| Exchange and other movements           | (0.3)                           | (1.5)                            | (1.8)              |
| Provided during the year               | 2.1                             | 11.8                             | 13.9               |
| Disposals                              | (1.2)                           | (6.4)                            | (7.6)              |
| Disposal of businesses                 | –                               | (0.2)                            | (0.2)              |
| Reclassification                       | 0.1                             | (4.6)                            | (4.5)              |
| <b>As at 31 December 2009</b>          | <b>11.9</b>                     | <b>91.6</b>                      | <b>103.5</b>       |
| Cost:                                  |                                 |                                  |                    |
| As at 1 January 2008                   | 22.7                            | 108.8                            | 131.5              |
| Exchange and other movements           | 7.7                             | 46.2                             | 53.9               |
| Acquired through business combinations | 0.9                             | 6.7                              | 7.6                |
| Additions                              | 3.4                             | 17.3                             | 20.7               |
| Disposals                              | (10.3)                          | (15.1)                           | (25.4)             |
| Disposal of businesses                 | –                               | (34.0)                           | (34.0)             |
| Reclassification                       | (0.9)                           | 0.9                              | –                  |
| As at 31 December 2008                 | 23.5                            | 130.8                            | 154.3              |
| Depreciation:                          |                                 |                                  |                    |
| As at 1 January 2008                   | 4.6                             | 69.3                             | 73.9               |
| Exchange and other movements           | 6.9                             | 41.3                             | 48.2               |
| Acquired through business combinations | 0.6                             | 3.7                              | 4.3                |
| Provided during the year               | 2.1                             | 17.1                             | 19.2               |
| Disposals                              | (3.2)                           | (11.8)                           | (15.0)             |
| Disposal of businesses                 | –                               | (26.9)                           | (26.9)             |
| Reclassification                       | 0.2                             | (0.2)                            | –                  |
| As at 31 December 2008                 | 11.2                            | 92.5                             | 103.7              |
| Net book value:                        |                                 |                                  |                    |
| <b>As at 31 December 2009</b>          | <b>11.4</b>                     | <b>32.7</b>                      | <b>44.1</b>        |
| As at 31 December 2008                 | 12.3                            | 38.3                             | 50.6               |
| As at 1 January 2008                   | 18.1                            | 39.5                             | 57.6               |

## 11 Property, plant and equipment continued

|   | 2009<br>£ million | 2008<br>£ million |
|---|-------------------|-------------------|
| The net book value of land and buildings comprised: |                   |                   |
| Freehold  | 5.7               | 7.2               |
| Long leasehold                                      | 0.2               | 0.5               |
| Short leasehold                                     | 5.5               | 4.6               |
|   | <b>11.4</b>       | <b>12.3</b>       |

## 12 Intangible assets

|  | Goodwill<br>£ million | Software<br>£ million | Other<br>£ million | Total<br>£ million |
|--|-----------------------|-----------------------|--------------------|--------------------|
| Cost:                                  |                       |                       |                    |                    |
| As at 1 January 2009                   | 380.2                 | 7.9                   | 57.6               | 445.7              |
| Exchange and other movements           | 1.2                   | –                     | (2.8)              | (1.6)              |
| Acquired through business combinations | 57.6                  | 0.2                   | 19.8               | 77.6               |
| Additions                              | –                     | 5.6                   | 0.1                | 5.7                |
| Disposals                              | –                     | (0.3)                 | (0.1)              | (0.4)              |
| Disposal of businesses                 | –                     | –                     | (0.1)              | (0.1)              |
| Reclassification                       | –                     | 4.5                   | 0.1                | 4.6                |
| <b>As at 31 December 2009</b>          | <b>439.0</b>          | <b>17.9</b>           | <b>74.6</b>        | <b>531.5</b>       |
| Amortisation:                          |                       |                       |                    |                    |
| As at 1 January 2009                   | 34.7                  | 5.3                   | 17.6               | 57.6               |
| Exchange and other movements           | 1.2                   | 0.1                   | (1.6)              | (0.3)              |
| Provided during the year               | 1.3                   | 1.3                   | 13.1               | 15.7               |
| Disposals                              | –                     | (0.3)                 | (0.1)              | (0.4)              |
| Reclassification                       | –                     | 4.6                   | (0.1)              | 4.5                |
| <b>As at 31 December 2009</b>          | <b>37.2</b>           | <b>11.0</b>           | <b>28.9</b>        | <b>77.1</b>        |
| Cost:                                  |                       |                       |                    |                    |
| As at 1 January 2008                   | 245.4                 | 5.9                   | 13.0               | 264.3              |
| Exchange and other movements           | 50.1                  | 1.1                   | 8.2                | 59.4               |
| Acquired through business combinations | 84.7                  | –                     | 36.4               | 121.1              |
| Additions                              | –                     | 0.9                   | –                  | 0.9                |
| As at 31 December 2008                 | 380.2                 | 7.9                   | 57.6               | 445.7              |
| Amortisation:                          |                       |                       |                    |                    |
| As at 1 January 2008                   | 30.0                  | 4.2                   | 6.3                | 40.5               |
| Exchange and other movements           | 4.7                   | 0.8                   | 2.4                | 7.9                |
| Provided during the year               | –                     | 0.3                   | 8.9                | 9.2                |
| As at 31 December 2008                 | 34.7                  | 5.3                   | 17.6               | 57.6               |
| Net book value:                        |                       |                       |                    |                    |
| <b>As at 31 December 2009</b>          | <b>401.8</b>          | <b>6.9</b>            | <b>45.7</b>        | <b>454.4</b>       |
| As at 31 December 2008                 | 345.5                 | 2.6                   | 40.0               | 388.1              |
| As at 1 January 2008                   | 215.4                 | 1.7                   | 6.7                | 223.8              |

# Notes to the consolidated accounts continued

## 12 Intangible assets continued

The net book value of other intangible assets is analysed as follows:

|                        | 2009<br>£ million | 2008<br>£ million |
|------------------------|-------------------|-------------------|
| Brand/trademarks       | 13.0              | 10.7              |
| Order backlog          | 2.3               | 2.9               |
| Non-compete agreement  | 1.7               | 2.0               |
| Customer relationships | 22.6              | 23.8              |
| Licences               | 5.6               | –                 |
| Other                  | 0.5               | 0.6               |
|                        | <b>45.7</b>       | 40.0              |

The group is required to test its goodwill and intangible assets for impairment at least annually, or more frequently if indicators of impairment exist. Goodwill arising on the acquisition of GRD Limited has not been tested in 2009 due to the proximity of the acquisition to 31 December 2009.

The group has six acquired cash generating units ('CGUs') with material unamortised goodwill as set out in the table below. This is the lowest level at which goodwill is monitored by management. Unamortised goodwill in the table below may differ from that disclosed in note 24 due to exchange movements between the date of acquisition and 31 December 2009. The recoverable amount of the CGU has been based on value-in-use calculations. These calculations use cash flow projections included in the financial budgets approved by management covering a two year period and pre-tax discount rates as set out in the table below. Given the current market conditions, management believe that the discount rates chosen are conservative. For the purposes of the calculation of the recoverable amount, the cash flow projections beyond the two year period include two per cent growth per annum (2008: two per cent), which is in line with long-term average growth rate for the regions in which the CGUs operate. The value-in-use has been compared to the carrying value for each CGU and an impairment charge of £1.3 million was identified and charged in the year in respect of Bower Damberger Rolseth Engineering Limited. No impairment is required nor has been charged in respect of the other acquisitions.

The financial budgets are developed using an assumed workload and margin for the following year. Workload is underpinned by a secured order book for each CGU, and order book remains strong at £3.2 billion as at 31 December 2009. The margin selected is based on management's review of the margins on orders received and from the results of Operational Excellence. The group remains firmly on track to deliver its margin target of 8.5 per cent for 2010.

A sensitivity analysis has been performed, at the individual CGU level, in order to review the impact of changes in key assumptions. For example, a 10 per cent decrease in volume, with all other assumptions held constant, or a one per cent decrease in margin, with all other assumptions held constant did not identify any further material impairments. Similarly, zero growth after the initial two year period, with all other assumptions held constant or a one per cent increase in discount rate did not identify any further material impairments.

|   | Unamortised<br>goodwill<br>2009<br>£ million | Unamortised<br>goodwill<br>2008<br>£ million | Pre-tax<br>discount rate<br>2009<br>per cent | Pre-tax<br>discount rate<br>2008<br>per cent |
|---|--|--|--|--|
| AGRA Inc                                    | 178.4  | 172.4  | 14.5   | 12.6   |
| Bower Damberger Rolseth Engineering Limited | 25.6   | 32.8   | 12.5   | 12.9   |
| Geomatrix Consultants Inc                   | 31.0   | 35.3   | 14.3   | 14.4   |
| GRD Limited                                 | 53.3   | –  | N/A  | N/A  |
| NNC Holdings Limited                        | 35.3   | 35.0   | 12.3   | 13.8   |
| Rider Hunt International Limited            | 13.6   | 13.5   | 12.0   | 12.6   |

### 13 Interests in joint ventures and other investments

|  | Joint ventures<br>£ million | Other investments<br>£ million |
|--|-----------------------------|--------------------------------|
| Net book value:                        |                             |                                |
| As at 1 January 2009                   | 29.4                        | 1.0                            |
| Exchange and other movements           | (1.0)                       | –                              |
| Acquired through business combinations | 24.8                        | –                              |
| Additions                              | 4.7                         | –                              |
| Disposals                              | –                           | (0.7)                          |
| Net movements in share of reserves     | 12.1                        | –                              |
| Dividends received                     | (9.0)                       | –                              |
| <b>As at 31 December 2009</b>          | <b>61.0</b>                 | <b>0.3</b>                     |
| As at 1 January 2008                   | 22.7                        | 0.8                            |
| Exchange and other movements           | 2.1                         | 0.2                            |
| Additions                              | 5.2                         | –                              |
| Dividends received                     | (0.6)                       | –                              |
| As at 31 December 2008                 | 29.4                        | 1.0                            |

Principal group companies are listed on page 114.

Other investments are all classified as available-for-sale financial assets.

An analysis of the group's interests in the assets and liabilities of joint ventures is as follows:

|                             | 2009<br>£ million | 2008<br>£ million |
|-----------------------------|-------------------|-------------------|
| Current assets              | <b>56.6</b>       | 48.5              |
| Non-current assets          | <b>355.7</b>      | 198.1             |
| Current liabilities         | <b>(53.3)</b>     | (62.5)            |
| Non-current liabilities     | <b>(301.8)</b>    | (154.7)           |
| Group share of net assets   | <b>57.2</b>       | 29.4              |
| Fair value adjustment       | <b>3.8</b>        | –                 |
| Interests in joint ventures | <b>61.0</b>       | 29.4              |

The net book value of joint ventures of £61.0 million as at 31 December 2009 includes a fair value adjustment on acquisition of £3.8 million in addition to the group share of joint ventures' net assets of £57.2 million.

An analysis of the group's share of the revenue and expenses of joint ventures is as follows:

|                            | 2009<br>£ million | 2008<br>£ million |
|----------------------------|-------------------|-------------------|
| Revenue                    | <b>104.6</b>      | 60.1              |
| Expenses                   | <b>(87.2)</b>     | (58.7)            |
| Share of profit before tax | <b>17.4</b>       | 1.4               |
| Tax                        | <b>(5.3)</b>      | (1.4)             |
| Share of post-tax results  | <b>12.1</b>       | –                 |

Guarantees and commitments in respect of joint ventures are set out in note 27.

# Notes to the consolidated accounts continued

## 13 Interest in joint ventures, associates and other investments continued

### PPP service concessions

Details of the PPP service concessions are as follows:

|                  |                          | Financial close | Equity stake | Concession period | Net equity invested | Equity committed |
|------------------|--------------------------|-----------------|--------------|-------------------|---------------------|------------------|
| Transport        | A13 Thames Gateway       | 2000            | 25%          | 30 years          | –*                  | –                |
|                  | Incheon Bridge, Korea    | 2005            | 23%          | 30 years          | £15.5m              | £0.2m            |
| Waste Management | Lancashire Waste Project | 2007            | 50%          | 25 years          | £24.8m              | –                |

\*The net equity invested in A13 Thames Gateway was written down in a previous period from £5.9 million to £nil.

## 14 Retirement benefit assets and liabilities

The group operates a number of pension schemes for UK and overseas employees. Substantially all UK members are in funded defined benefit schemes, with the main schemes being the AMEC Staff Pension Scheme and the AMEC Executive Pension Scheme. The majority of overseas members are in defined contribution schemes. Contributions by the group into defined contribution schemes are disclosed in note 6.

### Defined benefit schemes

The valuations used have been based on the most recent valuation of the two major UK schemes as at 1 April 2008 and updated by the schemes' actuaries for the requirement to assess the present value of the liabilities of the schemes as at 31 December 2009. The assets of the schemes are stated at their aggregate market value as at 31 December.

The principal assumptions made by the actuaries in relation to the main UK schemes are as follows:

|   | 31 December 2009<br>Per cent | 31 December 2008<br>Per cent | 1 January 2008<br>Per cent |
|---|------------------------------|------------------------------|----------------------------|
| Rate of discount  | <b>5.7</b>                   | 6.0                          | 5.7                        |
| Rate of inflation   | <b>3.6</b>                   | 2.8                          | 3.2                        |
| Rate of increase in salaries                                  | <b>4.6</b>                   | 3.8                          | 4.2                        |
| Rate of increase in pensions in payment (future/past service) | <b>2.4/3.6</b>               | 2.5/2.8                      | 3.2/3.2                    |
| Expected rate of return on scheme assets:                     |                              |                              |                            |
| Equities  | <b>7.9</b>                   | 7.3                          | 8.1                        |
| Bonds   | <b>5.7</b>                   | 6.0                          | 5.7                        |
| Gilts   | <b>4.4</b>                   | 3.8                          | 4.6                        |
| Property  | <b>6.4</b>                   | 5.8                          | 6.6                        |

For the main UK pension schemes, the assumed life expectancy is as follows:

|  | Male years | Female years |
|--|------------|--------------|
| Member aged 65 (current life expectancy) | 21.3       | 23.6         |
| Member aged 45 (life expectancy at 65)   | 23.2       | 25.5         |

The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions, which, due to the timescale covered, may not necessarily be borne out in practice.

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets for the portfolio. This resulted in the selection of the 6.16 per cent assumption as at 31 December 2009.

## 14 Retirement benefit assets and liabilities continued

The amounts recognised in the balance sheet are as follows:

|   | 31 December<br>2009<br>£ million | 31 December<br>2008<br>(restated)<br>£ million | 1 January<br>2008<br>(restated)<br>£ million |
|---|----------------------------------|--|--|
| Retirement benefit assets                 | 26.8                             | 165.7  | 248.0  |
| Retirement benefit liabilities            | (30.9)                           | (9.5)  | (11.3)                                       |
| Retirement benefit net (liability)/assets | (4.1)                            | 156.2  | 236.7  |

The retirement benefit liabilities of £30.9 million (2008: £9.5 million) reflect primarily the deficits on the overseas schemes.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

|                         | 31 December<br>2009<br>Per cent | 31 December<br>2008<br>Per cent |
|-------------------------|---------------------------------|---------------------------------|
| Equities                | 37.4                            | 30.6                            |
| Bonds (including gilts) | 56.5                            | 60.1                            |
| Property                | 5.8                             | 8.3                             |
| Other                   | 0.3                             | 1.0                             |
|                         | 100.0                           | 100.0                           |

The amounts recognised in the income statement are as follows:

|  | 2009<br>£ million | 2008<br>£ million |
|--|-------------------|-------------------|
| Current service cost   | 11.5              | 12.5              |
| Interest cost  | 64.1              | 61.1              |
| Expected return on scheme assets   | (69.0)            | (79.5)            |
| Total amount recognised in the income statement and included within staff costs (note 6) | 6.6               | (5.9)             |

The total amount is recognised in the income statement as follows:

|   | 2009<br>£ million | 2008<br>£ million |
|---|-------------------|-------------------|
| Cost of sales                                   | 7.4               | 4.0               |
| Administrative expenses                         | (0.8)             | (9.9)             |
| Total amount recognised in the income statement | 6.6               | (5.9)             |

Changes in the present value of the defined benefit liability are as follows:

|  | 2009<br>£ million | 2008<br>£ million |
|--|-------------------|-------------------|
| As at 1 January                        | 1,064.9           | 1,090.9           |
| Exchange movements                     | 2.6               | 1.2               |
| Current service cost                   | 11.5              | 12.5              |
| Interest cost                          | 64.1              | 61.1              |
| Plan participants' contributions       | 7.2               | 7.2               |
| Actuarial losses/(gains)               | 228.3             | (57.0)            |
| Transfer from trade and other payables | 1.3               | -                 |
| Benefits paid                          | (52.2)            | (51.0)            |
| <b>As at 31 December</b>               | <b>1,327.7</b>    | <b>1,064.9</b>    |

During the year, a liability of £1.3 million in respect of a small overseas post-retirement health scheme was reclassified from trade and other payables to retirement benefit liabilities.

# Notes to the consolidated accounts continued

## 14 Retirement benefit assets and liabilities continued

Changes in the fair value of scheme assets are as follows:

|                                  | 2009<br>£ million | 2008<br>£ million |
|----------------------------------|-------------------|-------------------|
| As at 1 January                  | 1,221.1           | 1,327.6           |
| Exchange movements               | 2.1               | 1.6               |
| Expected return on plan assets   | 69.0              | 79.5              |
| Actuarial gains/(losses)         | 58.4              | (170.1)           |
| Employer contributions           | 17.8              | 26.3              |
| Plan participants' contributions | 7.2               | 7.2               |
| Benefits paid                    | (52.0)            | (51.0)            |
| <b>As at 31 December</b>         | <b>1,323.6</b>    | <b>1,221.1</b>    |

The movement in the scheme net (liability)/asset during the year is as follows:

|   | 2009<br>£ million | 2008<br>£ million |
|---|-------------------|-------------------|
| Scheme net asset as at 1 January                      | 156.2             | 236.7             |
| Exchange movements                                    | (0.5)             | 0.4               |
| Total (charge)/credit as above                        | (6.6)             | 5.9               |
| Employer contributions                                | 17.8              | 26.3              |
| Benefits paid   | 0.2               | –                 |
| Actuarial losses recognised in reserves               | (169.9)           | (113.1)           |
| Transfer from trade and other payables                | (1.3)             | –                 |
| <b>Scheme net (liability)/asset as at 31 December</b> | <b>(4.1)</b>      | <b>156.2</b>      |

Net benefits paid relate to small unfunded post-retirement benefit arrangements.

Cumulative actuarial gains and losses recognised in equity are as follows:

|   | 2009<br>£ million | 2008<br>£ million |
|---|-------------------|-------------------|
| As at 1 January                             | (90.9)            | 22.2              |
| Net actuarial losses recognised in the year | (169.9)           | (113.1)           |
| <b>As at 31 December</b>                    | <b>(260.8)</b>    | <b>(90.9)</b>     |

The actual return on scheme assets is as follows:

|                                | 2009<br>£ million | 2008<br>£ million |
|--------------------------------|-------------------|-------------------|
| Actual return on scheme assets | 127.4             | (90.6)            |

## 14 Retirement benefit assets and liabilities continued

The history of experience gains and losses has been as follows:

|  | 2009             | 2008      | 2007      | 2006      | 2005      |
|--|------------------|-----------|-----------|-----------|-----------|
| Defined benefit obligation as at 31 December (£ million)                   | <b>(1,327.7)</b> | (1,064.9) | (1,090.9) | (1,150.5) | (1,270.1) |
| Fair value of assets as at 31 December (£ million)                         | <b>1,323.6</b>   | 1,221.1   | 1,327.6   | 1,243.1   | 1,288.6   |
| (Deficit)/surplus (£ million)  | <b>(4.1)</b>     | 156.2     | 236.7     | 92.6      | 18.5      |
| Difference between expected and actual return on scheme assets (£ million) | <b>58.4</b>      | (170.1)   | (4.6)     | 3.9       | 130.8     |
| Percentage of scheme assets  | <b>4.4</b>       | (13.9)    | (0.3)     | 0.3       | 10.2      |
| Experience gains and losses on scheme liabilities (£ million)              | <b>8.3</b>       | 5.6       | 3.5       | -         | (27.3)    |
| Percentage of scheme liabilities   | <b>0.6</b>       | 0.5       | 0.3       | -         | (2.1)     |

### Contributions

The group expects to contribute £20 million to its defined benefit pension schemes in 2010. This includes special contributions of £5 million.

## 15 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

### Recognised deferred tax assets and liabilities

|  | Assets                        |   |   | Liabilities                   |   |   |
|--|-------------------------------|---|---|-------------------------------|---|---|
|  | 31 December 2009<br>£ million | 31 December 2008<br>(restated)<br>£ million | 1 January 2008<br>(restated)<br>£ million | 31 December 2009<br>£ million | 31 December 2008<br>(restated)<br>£ million | 1 January 2008<br>(restated)<br>£ million |
| Property, plant and equipment  | <b>16.4</b>                   | 17.7  | 14.2                                      | <b>(1.8)</b>                  | (1.7)                                       | (0.4)                                     |
| Intangible assets  | -                             | 0.1   | -   | <b>(11.9)</b>                 | (12.9)                                      | (1.9)                                     |
| Retirement benefits  | <b>6.8</b>                    | 2.1   | 4.1                                       | <b>(8.3)</b>                  | (58.0)                                      | (86.9)                                    |
| Derivative financial instruments   | <b>2.5</b>                    | 4.6   | 0.9                                       | <b>(1.0)</b>                  | -   | (0.3)                                     |
| Provisions   | <b>53.8</b>                   | 42.6  | 15.3                                      | -                             | -   | -   |
| Employee share schemes   | <b>5.5</b>                    | 3.9   | 17.8                                      | -                             | -   | -   |
| Other items  | <b>2.2</b>                    | 0.7   | 11.4                                      | <b>(7.6)</b>                  | (9.3)                                       | (3.5)                                     |
| Tax losses carried forward   | <b>11.8</b>                   | 3.8   | 1.5                                       | -                             | -   | -   |
| Deferred tax assets/(liabilities)  | <b>99.0</b>                   | 75.5  | 65.2                                      | <b>(30.6)</b>                 | (81.9)                                      | (93.0)                                    |
| Offset of deferred tax assets and liabilities relating to income tax levied by the same taxation authority | <b>(30.6)</b>                 | (50.6)                                      | (44.4)                                    | <b>30.6</b>                   | 50.6  | 44.4                                      |
| Net deferred tax assets/(liabilities)  | <b>68.4</b>                   | 24.9  | 20.8                                      | -                             | (31.3)                                      | (48.6)                                    |

# Notes to the consolidated accounts continued

## 15 Deferred tax assets and liabilities continued

### Recognised deferred tax assets and liabilities

|                                       | 31 December<br>2009<br>£ million | 31 December<br>2008<br>(restated)<br>£ million | 1 January<br>2008<br>(restated)<br>£ million |
|---------------------------------------|----------------------------------|--|--|
| Property, plant and equipment         | 14.6                             | 16.0   | 13.8   |
| Intangible assets                     | (11.9)                           | (12.8)   | (1.9)  |
| Retirement benefits                   | (1.5)                            | (55.9)   | (82.8)                                       |
| Derivative financial instruments      | 1.5                              | 4.6  | 0.6  |
| Provisions                            | 53.8                             | 42.6   | 15.3   |
| Employee share schemes                | 5.5                              | 3.9  | 17.8   |
| Other items                           | (5.4)                            | (8.6)  | 7.9  |
| Tax losses carried forward            | 11.8                             | 3.8  | 1.5  |
| Net deferred tax assets/(liabilities) | 68.4                             | (6.4)  | (27.8)                                       |

### Movements in deferred tax assets and liabilities during the year

|                                  | As at<br>1 January<br>2009<br>(restated)<br>£ million | Exchange<br>and other<br>movements<br>£ million | Acquisitions<br>£ million | Recognised<br>in income<br>(restated)<br>£ million | Recognised<br>in equity<br>(restated)<br>£ million | As at<br>31 December<br>2009<br>£ million |
|----------------------------------|---|---|---------------------------|--|--|---|
| Property, plant and equipment    | 16.0  | 0.1   | 0.4                       | (1.9)  | –  | 14.6                                      |
| Intangible assets                | (12.8)  | 0.6   | (3.9)                     | 4.2  | –  | (11.9)                                    |
| Retirement benefits              | (55.9)  | 0.3   | 1.1                       | (4.0)  | 57.0   | (1.5)                                     |
| Derivative financial instruments | 4.6   | –   | –                         | (0.9)  | (2.2)  | 1.5                                       |
| Provisions                       | 42.6  | (0.6)   | 6.6                       | 5.2  | –  | 53.8                                      |
| Employee share schemes           | 3.9   | –   | –                         | 1.1  | 0.5  | 5.5                                       |
| Other items                      | (8.6)   | (0.3)   | 0.2                       | 3.3  | –  | (5.4)                                     |
| Tax losses carried forward       | 3.8   | (0.3)   | –                         | 8.3  | –  | 11.8                                      |
|                                  | (6.4)   | (0.2)   | 4.4                       | 15.3   | 55.3   | 68.4                                      |

|                                  | As at<br>1 January<br>2008<br>(restated)<br>£ million | Exchange<br>and other<br>movements<br>£ million | Acquisitions<br>£ million | Recognised<br>in income<br>(restated)<br>£ million | Recognised<br>in equity<br>(restated)<br>£ million | 31 December<br>2008<br>(restated)<br>£ million |
|----------------------------------|---|---|---------------------------|--|--|--|
| Property, plant and equipment    | 13.8  | 0.1   | –                         | 2.1  | –  | 16.0   |
| Intangible assets                | (1.9)   | 0.2   | (15.7)                    | 4.6  | –  | (12.8)   |
| Retirement benefits              | (82.8)  | 0.2   | –                         | (12.4)   | 39.1   | (55.9)   |
| Derivative financial instruments | 0.6   | –   | –                         | 0.3  | 3.7  | 4.6  |
| Provisions                       | 15.3  | 5.9   | 0.1                       | 21.3   | –  | 42.6   |
| Employee share schemes           | 17.8  | –   | –                         | (1.5)  | (12.4)   | 3.9  |
| Other items                      | 7.9   | (0.8)   | 3.2                       | (18.9)   | –  | (8.6)  |
| Tax losses carried forward       | 1.5   | 0.4   | –                         | 1.9  | –  | 3.8  |
|                                  | (27.8)  | 6.0   | (12.4)                    | (2.6)  | 30.4   | (6.4)  |

The deferred tax credit of £15.3 million (2008: charge of £2.6 million) recognised in income consists of a credit of £2.9 million (2008: charge of £2.0 million) relating to continuing operations and a credit of £12.4 million (2008: charge of £0.6 million) in respect of discontinued operations.

### Factors affecting the tax charge in future years

There are a number of factors that may affect the group's future tax charge including the resolution of open issues with tax authorities, corporate acquisitions and disposals, the use of brought-forward losses and changes in tax legislation and tax rates.

## 15 Deferred tax assets and liabilities continued

### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

|                                  | 31 December<br>2009<br>£ million | 31 December<br>2008<br>£ million | 1 January<br>2008<br>£ million |
|----------------------------------|----------------------------------|----------------------------------|--------------------------------|
| Deductible temporary differences | 17.0                             | 29.5                             | 34.4                           |
| Tax losses                       | 72.5                             | 39.9                             | 45.8                           |
|                                  | 89.5                             | 69.4                             | 80.2                           |

There are tax losses of £7.7 million arising in the US, all of which expire in 2024.

The other tax losses and deductible temporary differences not recognised by the group do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the group can utilise these assets.

### Unrecognised deferred tax liabilities

No deferred tax liability has been recognised in respect of £336.0 million of unremitted earnings of subsidiaries, associates and joint ventures because the group is in a position to control the timing of the reversal of the temporary difference and it is not probable that such differences will reverse in the foreseeable future.

The amount of unrecognised deferred tax liabilities in respect of these unremitted earnings is estimated to be £17.2 million.

## 16 Inventories

|                                       | 2009<br>£ million | 2008<br>£ million |
|---------------------------------------|-------------------|-------------------|
| Development land and work in progress | 4.8               | 5.3               |
| Raw materials and consumables         | 0.6               | 1.2               |
| Other work in progress                | –                 | 5.2               |
|                                       | 5.4               | 11.7              |

## 17 Current trade and other receivables

|   | 2009<br>£ million | 2008<br>£ million |
|---|-------------------|-------------------|
| <b>Amounts expected to be recovered within one year:</b>          |                   |                   |
| Gross amounts due from customers                                  | 187.6             | 228.6             |
| Trade receivables   | 270.3             | 388.0             |
| Amounts owed by joint ventures                                    | 13.5              | 2.5               |
| Other receivables   | 11.8              | 18.0              |
| Prepayments and accrued income                                    | 26.8              | 28.1              |
|   | 510.0             | 665.2             |
| <b>Amounts expected to be recovered after more than one year:</b> |                   |                   |
| Trade receivables   | 9.6               | 7.5               |
| Amounts owed by joint ventures                                    | 0.3               | 2.5               |
| Other receivables   | 0.3               | 0.8               |
|   | 10.2              | 10.8              |
|   | 520.2             | 676.0             |

Trade receivables expected to be recovered within one year include retentions of £12.8 million (2008: £21.5 million) relating to contracts in progress. Trade receivables expected to be recovered after more than one year include retentions of £8.9 million (2008: £7.5 million) relating to contracts in progress.

# Notes to the consolidated accounts continued

## 17 Current trade and other receivables continued

The aggregate amount of costs incurred plus recognised profits (less recognised losses) for all contracts in progress for continuing businesses at the balance sheet date was £4,129.0 million (2008: £6,520.9 million).

Trade receivables, amounts owed by joint ventures and other receivables are classified as loans and receivables.

## 18 Current trade and other payables

|   | 31 December<br>2009<br>£ million | 31 December<br>2008<br>(restated)<br>£ million | 1 January<br>2008<br>(restated)<br>£ million |
|---|----------------------------------|--|--|
| <b>Amounts expected to be settled within one year:</b>          |                                  |  |  |
| Trade payables  | 308.2                            | 405.6  | 376.4  |
| Gross amounts due to customers                                  | 44.1                             | 58.4   | 56.1   |
| Amounts owed to joint ventures                                  | –                                | 0.9  | 0.3  |
| Other taxation and social security costs                        | 30.7                             | 26.0   | 35.2   |
| Other payables  | 96.5                             | 113.9  | 75.2   |
| Accruals and deferred income                                    | 94.3                             | 98.4   | 77.0   |
| Dividends   | 0.2                              | 0.2  | 0.4  |
|   | <b>574.0</b>                     | <b>703.4</b>                                   | <b>620.6</b>                                 |
| <b>Amounts expected to be settled after more than one year:</b> |                                  |  |  |
| Trade payables  | 0.9                              | 0.5  | 2.0  |
| Other payables  | 3.7                              | 0.1  | 3.7  |
| Accruals and deferred income                                    | 0.7                              | 1.2  | 0.1  |
|   | <b>5.3</b>                       | <b>1.8</b>                                     | <b>5.8</b>                                   |
|   | <b>579.3</b>                     | <b>705.2</b>                                   | <b>626.4</b>                                 |

Gross amounts due to customers includes advances received of £12.0 million (2008: £25.4 million, 2007: £42.6 million).

Trade payables, amounts owed to joint ventures, other taxation and social security costs, other payables and dividends are classified as other financial liabilities.

## 19 Financial instruments

Details of the group's financial risk management objectives and policies, together with its policies for hedging are provided in the business and financial review on pages 33 and 34.

### Hedging of interest rate risk

The group remained in a net cash position throughout the year. As a result, long-term interest rate hedging (for periods beyond three to six months) is not considered appropriate.

### Hedging of foreign currency risk – cash flow hedges

The group looks to mitigate the foreign exchange risk typically arising where contracts are awarded in, or involve costs, in non-local currency. Forward foreign exchange contracts and foreign exchange swaps are used for this purpose and are designated as cash flow hedges. The notional contract amount, carrying amount and fair values of forward contracts and swaps designated as cash flow hedges are as follows:

|                     | 2009<br>Notional<br>contract<br>amount<br>£ million | 2008<br>Notional<br>contract<br>amount<br>£ million | 2009<br>Carrying<br>amount and<br>fair value<br>£ million | 2008<br>Carrying<br>amount and<br>fair value<br>£ million |
|---------------------|---|---|---|---|
| Current assets      | 22.3  | 10.5  | 0.8   | 2.2   |
| Current liabilities | 39.9  | 67.4  | (5.3)   | (13.2)  |
|                     | <b>62.2</b>   | <b>77.9</b>   | <b>(4.5)</b>  | <b>(11.0)</b>   |

## 19 Financial instruments continued

The following tables indicate the periods in which the cash flows associated with the forward foreign exchange contracts designated as cash flow hedges are expected to occur and the periods in which they are expected to impact profit or loss:

|                            | 2009                         |                                  |                               |                          |                        |                        |                                |
|----------------------------|------------------------------|----------------------------------|-------------------------------|--------------------------|------------------------|------------------------|--------------------------------|
|                            | Carrying amount<br>£ million | Expected cash flows<br>£ million | 6 months or less<br>£ million | 6-12 months<br>£ million | 1-2 years<br>£ million | 2-5 years<br>£ million | More than 5 years<br>£ million |
| Forward exchange contracts |                              |                                  |                               |                          |                        |                        |                                |
| Assets                     | 0.8                          | 22.3                             | 13.3                          | 6.7                      | 1.1                    | 1.2                    | -                              |
| Liabilities                | (5.3)                        | 39.9                             | 16.5                          | 4.6                      | 9.7                    | 9.1                    | -                              |
|                            | <b>(4.5)</b>                 | <b>62.2</b>                      | <b>29.8</b>                   | <b>11.3</b>              | <b>10.8</b>            | <b>10.3</b>            | <b>-</b>                       |
|                            | 2008                         |                                  |                               |                          |                        |                        |                                |
|                            | Carrying amount<br>£ million | Expected cash flows<br>£ million | 6 months or less<br>£ million | 6-12 months<br>£ million | 1-2 years<br>£ million | 2-5 years<br>£ million | More than 5 years<br>£ million |
| Forward exchange contracts |                              |                                  |                               |                          |                        |                        |                                |
| Assets                     | 2.2                          | 10.5                             | 2.8                           | 1.9                      | 3.5                    | 2.3                    | -                              |
| Liabilities                | (13.2)                       | 67.4                             | 22.9                          | 13.1                     | 12.5                   | 18.9                   | -                              |
|                            | <b>(11.0)</b>                | <b>77.9</b>                      | <b>25.7</b>                   | <b>15.0</b>              | <b>16.0</b>            | <b>21.2</b>            | <b>-</b>                       |

Certain forward foreign exchange contracts and foreign exchange swaps are not designated as cash flow hedges and changes in their fair value are recognised through the income statement. The notional contract amount, carrying amount and fair values of these forward contracts and swaps are as follows:

|                     | 2009<br>Notional contract amount<br>£ million | 2008<br>Notional contract amount<br>£ million | 2009<br>Carrying amount and fair value<br>£ million | 2008<br>Carrying amount and fair value<br>£ million |
|---------------------|---|---|---|---|
| Current assets      | 58.8  | 108.6   | 1.0   | 7.4   |
| Current liabilities | 11.2  | 28.4  | (0.2)   | (1.6)   |
|                     | <b>70.0</b>                                   | <b>137.0</b>                                  | <b>0.8</b>  | <b>5.8</b>  |

### Hedging of foreign currency risk – net investment hedges

The group uses forward foreign exchange contracts and currency interest rate swaps which have been designated as hedges of the net investments in subsidiaries in Canada and the US. The notional contract amount, carrying amount and fair values of swaps designated as net investment hedges are as follows:

|                         | 2009<br>Notional contract amount<br>£ million | 2008<br>Notional contract amount<br>£ million | 2009<br>Carrying amount and fair value<br>£ million | 2008<br>Carrying amount and fair value<br>£ million |
|-------------------------|---|---|---|---|
| Non-current assets      | 22.3  | -   | 1.4   | -   |
| Current liabilities     | 25.4  | 25.3  | (5.1)   | (6.4)   |
| Non-current liabilities | 148.6   | 174.0   | (22.3)  | (33.9)  |
|                         | <b>196.3</b>                                  | <b>199.3</b>                                  | <b>(26.0)</b>                                       | <b>(40.3)</b>                                       |

A net foreign exchange gain for the year of £11.6 million (2008: loss of £38.6 million) was recognised in the translation reserve in respect of these forward foreign exchange contracts and swaps.

The investment hedging policy was changed in 2009 to cease translation hedging for core assets of the business. As a result of this change in policy, existing hedging contracts will not be replaced as they mature.

# Notes to the consolidated accounts continued

## 19 Financial instruments continued

### Interest rate risk – contractual maturity and effective interest rates

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature:

|                           | 2009                                |                    |                                  |
|---------------------------|-------------------------------------|--------------------|----------------------------------|
|                           | Effective interest rate<br>Per cent | Total<br>£ million | 6 months<br>or less<br>£ million |
| Short-term investments    | 0.59                                | 130.7              | 130.7                            |
| Cash and cash equivalents | 0.38                                | 612.0              | 612.0                            |
|                           |                                     | <b>742.7</b>       | <b>742.7</b>                     |
|                           | 2008                                |                    |                                  |
|                           | Effective interest rate<br>Per cent | Total<br>£ million | 6 months<br>or less<br>£ million |
| Cash and cash equivalents | 2.3                                 | 764.6              | 764.6                            |
| Unsecured bank loans:     |                                     |                    |                                  |
| Sterling fixed rate loan  | 7.2                                 | (0.1)              | (0.1)                            |
|                           |                                     | <b>764.5</b>       | <b>764.5</b>                     |

### Currency risk

The group publishes its consolidated accounts in Sterling. It conducts business in a range of currencies, including Canadian and US dollars and currencies linked to the US dollar. As a result, the group is exposed to foreign exchange risks, which will affect transaction costs and the translation results and value of underlying assets of its foreign subsidiaries.

The group hedges its material transaction related exposures. With respect to translation exposure, the group does not hedge the profits generated in non-Sterling currencies but does hedge a proportion of assets denominated in foreign currencies.

The impact of a 10 per cent movement in the average Sterling/Canadian dollar and Sterling/US dollar rates on post-tax profit for 2009 is £13.0 million (2008: £10.0 million). The impact of a 10 per cent movement in the closing rates on equity for 2009 is £40.1 million (2008: £22.8 million).

### Credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments recorded in the balance sheet.

The ageing of trade receivables at the year end was:

|                       | Gross receivables<br>2009<br>£ million | Impairment<br>2009<br>£ million | Gross receivables<br>2008<br>£ million | Impairment<br>2008<br>£ million |
|-----------------------|--|---------------------------------|--|---------------------------------|
| Not past due          | 177.6                                  | (1.0)                           | 171.7                                  | (1.6)                           |
| Past due 0-30 days    | 45.7                                   | (0.2)                           | 109.1                                  | (2.5)                           |
| Past due 31-120 days  | 23.7                                   | (1.2)                           | 47.2                                   | (2.7)                           |
| Past due 121-365 days | 12.5                                   | (6.5)                           | 54.1                                   | (10.0)                          |
| More than one year    | 18.6                                   | (11.0)                          | 11.0                                   | (9.8)                           |
|                       | <b>278.1</b>                           | <b>(19.9)</b>                   | <b>393.1</b>                           | <b>(26.6)</b>                   |

The above analysis excludes retentions relating to contracts in progress of £12.8 million (2008: £21.5 million) expected to be recovered within one year and £8.9 million (2008: £7.5 million) expected to be recovered after one year. Net receivables as at 31 December 2009 include £7.6 million (2008: £1.2 million) in respect of amounts overdue by more than one year. The group believes there is no material exposure in respect of these balances.

## 19 Financial instruments continued

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

|   | 2009<br>£ million | 2008<br>£ million |
|---|-------------------|-------------------|
| As at 1 January                         | <b>(26.6)</b>     | (20.0)            |
| Exchange movements                      | <b>0.4</b>        | (4.9)             |
| Additional impairment allowance charged | <b>6.3</b>        | (1.7)             |
| As at 31 December                       | <b>(19.9)</b>     | (26.6)            |

Based on past experience, the group believes that no material impairment allowance is necessary in respect of trade receivables not past due.

Trade receivable exposures are typically with large companies and government backed organisations, and the credit ratings of these organisations are monitored. Credit risks are minimised through the use of letters of credit, parent company guarantees, insurance instruments and forward funding where achievable.

The group's most significant customer is ExxonMobil, which in 2009 accounted for around 15 per cent of continuing revenues.

Cash deposits and financial transactions give rise to credit risk in the event that counterparties fail to perform under the contract. AMEC manages these risks by ensuring that surplus funds are placed with a diversified range of 25-30 mainstream banks and with each counterparty up to a pre-approved limit. These limits are set at prudent levels by the board, are based primarily on credit ratings set by Moody's, Standard & Poors and Fitch and have been reviewed in light of the recent market turbulence.

The group treasury department monitors counterparty exposure on a global basis to avoid over concentration of exposure to any one counterparty.

### Fair values

The fair values together with the carrying amounts shown in the balance sheet are as follows:

|  | Carrying amount<br>2009<br>£ million | Carrying amount<br>2008<br>£ million | Fair value<br>2009<br>£ million | Fair value<br>2008<br>£ million |
|--|--------------------------------------|--------------------------------------|---------------------------------|---------------------------------|
| Current trade and other receivables                            | <b>305.8</b>                         | 419.3                                | <b>305.8</b>                    | 419.3                           |
| Forward foreign exchange contracts and foreign exchange swaps: |                                      |                                      |                                 |                                 |
| Assets   | <b>3.2</b>                           | 9.6                                  | <b>3.2</b>                      | 9.6                             |
| Liabilities  | <b>(32.9)</b>                        | (55.1)                               | <b>(32.9)</b>                   | (55.1)                          |
| Short-term investments   | <b>130.7</b>                         | -                                    | <b>130.7</b>                    | -                               |
| Cash and cash equivalents                                      | <b>612.0</b>                         | 764.6                                | <b>612.0</b>                    | 764.6                           |
| Unsecured bank loans   | -                                    | (0.1)                                | -                               | (0.1)                           |
| Non-current trade and other payables                           | <b>(16.3)</b>                        | (28.3)                               | <b>(16.3)</b>                   | (28.3)                          |
| Current trade and other payables                               | <b>(440.2)</b>                       | (547.2)                              | <b>(440.2)</b>                  | (547.2)                         |

Fair values are determined as follows:

Trade and other receivables and payables, cash and cash equivalents and short-term investments are valued at their amortised cost, which are deemed to reflect fair value.

The fair value of interest rate swaps is estimated by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates.

The fair value of forward foreign exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk free interest rate.

Bank loans and bonds are valued based on discounted expected future principal and interest cash flows.

# Notes to the consolidated accounts continued

## 20 Non-current trade and other payables

|                | 2009<br>£ million | 2008<br>£ million |
|----------------|-------------------|-------------------|
| Other payables | <b>16.3</b>       | 28.3              |

Other payables represents the amount of deferred consideration on acquisitions payable in more than one year.

## 21 Provisions

|   | Litigation<br>settlement<br>and future<br>legal costs<br>£ million | Indemnities<br>granted and<br>retained<br>obligations<br>on disposed<br>businesses<br>£ million | Insurance<br>£ million | Onerous<br>property<br>contracts<br>£ million | Total<br>£ million |
|---|--|---|------------------------|---|--------------------|
| As at 1 January 2009                        | 65.3   | 87.9  | 41.3                   | 9.8   | 204.3              |
| Exchange movements                          | (3.7)  | (4.5)   | –                      | –   | (8.2)              |
| Transfer from trade and other payables      | 7.8  | –   | –                      | –   | 7.8                |
| Utilised                                    | (15.0)   | (7.6)   | –                      | –   | (22.6)             |
| Charged/(credited) to the income statement: |  |   |                        |   |                    |
| Additional provisions                       | 7.0  | 11.6  | 2.1                    | 0.1   | 20.8               |
| Unused amounts reversed                     | (7.6)  | (12.5)  | (1.1)                  | (2.2)   | (23.4)             |
| Acquired through business combinations      | –  | –   | –                      | 1.7   | 1.7                |
| <b>As at 31 December 2009</b>               | <b>53.8</b>  | <b>74.9</b>   | <b>42.3</b>            | <b>9.4</b>                                    | <b>180.4</b>       |

Provision was made during 2006 and prior for the estimated litigation, settlement and future legal costs in connection with the group's ongoing major litigation – major contingent liabilities are discussed in more detail in note 27.

The provision for indemnities relates to the indemnification of the purchasers of SPIE in 2006, purchasers of the Built Environment businesses and other peripheral businesses in 2007, and to the Wind Developments business which was sold in 2008.

The insurance provision relates to the potential liabilities in the group's captive insurance entity and provisions in relation to risks associated with insurance claims.

Future outflows in respect of the onerous property contracts are expected to occur over the next several years. Due to the nature of the other liabilities, the timing of any potential future outflows is uncertain.

## 22 Share capital and reserves

Movements in share capital and reserves are shown in the consolidated statement of changes in equity on pages 61 and 62.

### Reserves

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

The translation reserve comprises all foreign exchange differences arising from the translation of the accounts of foreign operations, as well as from the translation of liabilities and the cumulative net change in the fair value of instruments that hedge the company's net investment in foreign subsidiaries.

The group has acquired 855,349 shares (2008: 3,200,000) during the year which are held in treasury. During the year 350,228 shares (2008: 1,347,048) were transferred to share scheme participants leaving a balance held in treasury as at 31 December 2009 of 6,126,873 shares (2008: 5,621,752). £48.5 million (2008: £43.3 million) has been deducted from equity in respect of these shares.

A qualifying share ownership trust ('the Quest') was established on 26 August 1999. The Quest holds shares issued by the company in connection with the savings related share option scheme. There was no activity in the Quest during 2009 or 2008.

As at 31 December 2009 the Quest held 259 (2008: 259) shares.

## 22 Share capital and reserves continued

### Share capital

The authorised share capital of the company is £350.0 million (2008: £350.0 million). This comprises 700 million (2008: 700 million) ordinary shares of 50 pence each. All the ordinary shares rank parri passu in all respects. To the company's knowledge and belief, there are no restrictions on the transfer of shares in the company or on voting rights between holders of shares.

|   | 2009<br>£ million | 2008<br>£ million |
|---|-------------------|-------------------|
| Allotted, called up and fully paid ordinary shares of 50 pence each | <b>169.0</b>      | 169.0             |

The movement in issued share capital was as follows:

|  | Number             | £ million    |
|--|--------------------|--------------|
| As at 1 January 2008                               | 337,478,285        | 168.7        |
| Exercise of executive share options                | 19,543             | –            |
| Exercise of savings related share options          | 468,043            | 0.3          |
| <b>As at 31 December 2008 and 31 December 2009</b> | <b>337,965,871</b> | <b>169.0</b> |

The company did not issue any ordinary shares during 2009.

### Share-based payments

Offers are made periodically in certain countries under the UK and International Savings Related Share Option Schemes which are open to all employees in those countries who meet minimum service criteria. Grants of share options are made to participating employees that entitle them to buy shares in the company normally after three years at up to 20 per cent discount to the market price of the shares at the time of offer. In the US, to conform with the relevant tax rules, options are granted at a maximum discount of 15 per cent to the share price at the time of grant and are normally exercisable after two years. In certain countries, awards take the form of cash-settled stock appreciation rights.

Under the Performance Share Plan, annual awards are made to directors and selected senior employees of restricted shares that are subject to both market and non-market based conditions calculated over a three-year period. During 2008, one-off awards were made under the Transformation Incentive Plan that are subject to non-market based conditions related to 2010 performance. Detailed terms of these plans are included in the remuneration report on pages 50 and 51.

The Company has a second scheme in place, the Executive Share Option Scheme. AMEC's policy is to grant share options under this scheme only selectively and in exceptional circumstances such as recruitment. No awards have been made under this scheme since 2004.

The share-based payment arrangements operated by the group are predominantly equity-settled and, other than in defined good leaver circumstances, require participants to be still in employment with the group at the time of vesting.

The number and weighted average exercise price of share options under the Savings Related Share Option Scheme and the Executive Share Option Scheme are as follows:

|                            | Weighted<br>average<br>exercise price<br>2009<br>pence | Number<br>of options<br>2009 | Weighted<br>average<br>exercise price<br>2008<br>pence | Number<br>of options<br>2008 |
|----------------------------|--|------------------------------|--|------------------------------|
| Outstanding on 1 January   | <b>526</b>   | <b>5,823,721</b>             | 421  | 7,196,033                    |
| Lapsed/cancelled           | <b>560</b>   | <b>(679,848)</b>             | 354  | (2,434,504)                  |
| Exercised                  | <b>317</b>   | <b>(352,387)</b>             | 278  | (1,825,034)                  |
| Granted                    | <b>610</b>   | <b>1,384,688</b>             | 485  | 2,887,226                    |
| Outstanding on 31 December | <b>553</b>   | <b>6,176,174</b>             | 526  | 5,823,721                    |
| Exercisable on 31 December | <b>549</b>   | <b>84,535</b>                | 278  | 319,751                      |

Options were exercised on a regular basis during the year, and the average share price for the year was 678 pence (2008: 713 pence).

# Notes to the consolidated accounts continued

## 22 Share capital and reserves continued

Options outstanding on 31 December 2009 have weighted average remaining contractual lives as follows:

|                              | Weighted average remaining contractual life 2009 (years) | Number of options 2009 | Weighted average remaining contractual life 2008 (years) | Number of options 2008 |
|------------------------------|--|------------------------|--|------------------------|
| 200.00 pence to 299.99 pence | –  | –                      | –  | 319,751                |
| 300.00 pence to 399.99 pence | 0.1  | 414,726                | 0.2  | 455,168                |
| 500.00 pence to 599.99 pence | 1.1  | 4,226,026              | 2.1  | 4,808,053              |
| 600.00 pence to 699.99 pence | 0.6  | 1,248,736              | –  | –                      |
| Over 700.00 pence            | –  | 286,686                | 0.1  | 240,749                |
|                              |  | <b>6,176,174</b>       |  | <b>5,823,721</b>       |

Share awards granted during the year under the Performance Share Plan were as follows:

|                                      | Weighted average fair value 2009 pence | Number of shares 2009 | Weighted average fair value 2008 pence | Number of shares 2008 |
|--------------------------------------|--|-----------------------|--|-----------------------|
| Share awards granted during the year | <b>377</b>                             | <b>1,774,607</b>      | 501                                    | 1,244,844             |

The fair value of services received in return for share options granted and shares awarded are measured by reference to the fair value of those instruments. For grants in either the current or preceding year, the pricing models used and inputs (on a weighted average basis where appropriate) into those models are as follows:

|   | Savings Related Share Option Scheme (Black-Scholes model) |           | Performance Share Plan (Monte Carlo model) |      | Transformation Incentive Plan (Black-Scholes model) |
|---|---|-----------|--|------|---|
|   | 2009  | 2008      | 2009                                       | 2008 | 2008  |
| Weighted average fair value at measurement date       | <b>301p</b>   | 80p       | <b>377p</b>                                | 501p | 753p  |
| Share price   | <b>864p</b>   | 426p      | <b>534p</b>                                | 718p | 799p  |
| Exercise price  | <b>610p</b>   | 485p      | <b>N/A</b>                                 | N/A  | N/A   |
| Expected share price volatility                       | <b>35%</b>  | 33%       | <b>35%</b>                                 | 26%  | N/A   |
| Option life   | <b>3.3 years</b>  | 3.3 years | <b>N/A</b>                                 | N/A  | N/A   |
| Expected dividend yield                               | <b>2.5%</b>   | 2.0%      | <b>2.5%</b>                                | 2.0% | 2.0%  |
| Risk-free interest rate                               | <b>1.6%</b>   | 2.7%      | <b>N/A</b>                                 | N/A  | N/A   |
| Comparator share price volatility                     | <b>N/A</b>  | N/A       | <b>31%</b>                                 | 27%  | N/A   |
| Correlation between two companies in comparator group | <b>N/A</b>  | N/A       | <b>40%</b>                                 | 33%  | N/A   |

## 22 Share capital and reserves continued

The expected share price volatility is based on the historical volatility of the company's share price.

The performance conditions attaching to the Performance Share Plan involve a comparison of the total shareholder return of the company with that of its comparators and achievement of targeted earnings per share growth. The former is a market based test and as such is incorporated into the grant date fair value of the award.

### Dividends

The directors are proposing a final dividend in respect of the financial year ended 31 December 2009 of 11.6 pence per share, which will absorb an estimated £37.9 million of equity. Subject to approval, it will be paid on 1 July 2010 to shareholders on the register of members on 28 May 2010. The dividend has not been provided for and there are no income tax consequences for the company. This final dividend together with the interim dividend of 6.1 pence (2008: 5.3 pence) per share results in a total dividend of 17.7 pence per share (2008: 15.4 pence).

|   | 2009<br>£ million | 2008<br>(restated)<br>£ million |
|---|-------------------|---------------------------------|
| <b>Dividends charged to reserves</b>  |                   |                                 |
| Interim dividend in respect of 2008 of 5.3 pence (2008: interim dividend in respect of 2007 of 4.6 pence) per share | 17.3              | 15.1                            |
| Final dividend in respect of 2008 of 10.1 pence (2008: final dividend in respect of 2007 of 8.8 pence) per share    | 32.9              | 28.6                            |
| Adjustment to accrual in respect of previous years  | 0.1               | (0.4)                           |
|   | <b>50.3</b>       | <b>43.3</b>                     |
| <b>Dividends paid</b>   |                   |                                 |
| Interim dividend in respect of 2008 of 5.3 pence (2008: interim dividend in respect of 2007 of 4.6 pence) per share | 17.3              | 15.1                            |
| Final dividend in respect of 2008 of 10.1 pence (2008: final dividend in respect of 2007 of 8.8 pence) per share    | 32.9              | 28.6                            |
| Payments in respect of prior year dividends   | 0.1               | –                               |
|   | <b>50.3</b>       | <b>43.7</b>                     |

The amounts waived by Trustees of the Performance Share Plan in respect of the interim and final dividends was £1.0 million (2008: £0.8 million).

## 23 Analysis of cash, cash equivalents and net cash

|   | As at<br>1 January<br>2009<br>£ million | Cash flow<br>£ million | Exchange and<br>other non-cash<br>movements<br>£ million | As at<br>31 December<br>2009<br>£ million |
|---|---|------------------------|--|---|
| Cash at bank and in hand                        | 124.0                                   | 97.5                   | (1.9)  | <b>219.6</b>                              |
| Short-term investments (less than three months) | 640.6                                   | (243.9)                | (4.3)  | <b>392.4</b>                              |
| Cash and cash equivalents                       | 764.6                                   | (146.4)                | (6.2)  | <b>612.0</b>                              |
| Short-term investments (more than three months) | –                                       | 130.7                  | –  | <b>130.7</b>                              |
| Non-current debt                                | (0.1)                                   | 0.1                    | –  | <b>–</b>                                  |
| Net cash as at the end of the year              | 764.5                                   | (15.6)                 | (6.2)  | <b>742.7</b>                              |

Short-term investments comprise short-term bank deposits.

Cash and cash equivalents as at 31 December 2009 includes £8.3 million (2008: £8.5 million) that is held in countries from which prior approval is required to transfer funds abroad. There are restrictions on the use of a further £20.6 million (2008: £23.7 million) of cash and cash equivalents in respect of commitments of the group's captive insurance subsidiary to certain insurers. Cash and cash equivalents as at 31 December 2008 included US\$8.0 million which had been frozen by the courts; this restriction is no longer in place.

## Notes to the consolidated accounts continued

### 24 Acquisitions and disposals

#### Acquisitions in 2009

The following purchases have been accounted for as acquisitions. Intangible assets recognised at fair value on the acquisition of these businesses included brands, trade names, customer relationships, order backlogs and non-compete agreements.

#### Performance Improvements Group Limited (PI)

On 26 January 2009, the group acquired all of the shares in PI. PI is based in the UK and is an asset optimisation consultancy services company.

The amounts recognised in respect of identifiable assets and liabilities relating to the acquisition of PI were as follows:

|   | Book value<br>£ million | Fair value<br>adjustments<br>£ million | Recognised<br>value<br>£ million |
|---|-------------------------|--|----------------------------------|
| Property, plant and equipment           | 0.3                     | (0.2)                                  | 0.1                              |
| Intangible assets                       | –                       | 7.5                                    | 7.5                              |
| Trade and other receivables             | 4.8                     | –                                      | 4.8                              |
| Cash and cash equivalents               | (0.7)                   | –                                      | (0.7)                            |
| Trade and other payables                | (2.4)                   | –                                      | (2.4)                            |
| Deferred tax liability                  | –                       | (2.1)                                  | (2.1)                            |
| Net identifiable assets and liabilities | 2.0                     | 5.2                                    | 7.2                              |
| Goodwill on acquisition                 |                         |  | 7.7                              |
|   |                         |  | 14.9                             |
| Consideration                           |                         |  |                                  |
| Cash – paid on completion               |                         |  | 12.8                             |
| – deferred                              |                         |  | 1.7                              |
| Costs of acquisition                    |                         |  | 0.4                              |
|   |                         |  | 14.9                             |

Goodwill has arisen on the acquisition of PI primarily through the benefits gained from combining PI's performance improvement skills with AMEC's project management and engineering expertise to enhance value for customers.

## 24 Acquisitions and disposals continued

### GRD Limited (GRD)

On 17 November 2009, the group acquired all of the shares in GRD. GRD is an engineering and project development company based in Perth, Australia, which employs 850 people globally.

The amounts recognised in respect of identifiable assets and liabilities relating to the acquisition of GRD were as follows. The fair value adjustments in respect of the acquisition have been determined provisionally.

|   | Book value<br>£ million | Fair value<br>adjustments<br>£ million | Recognised<br>value<br>£ million |
|---|-------------------------|--|----------------------------------|
| Property, plant and equipment           | 3.4                     | (1.0)                                  | 2.4                              |
| Intangible assets                       | 7.8                     | 3.2                                    | 11.0                             |
| Interests in joint ventures             | 22.1                    | 2.7                                    | 24.8                             |
| Deferred tax asset                      | 15.3                    | (8.6)                                  | 6.7                              |
| Trade and other receivables             | 24.0                    | (3.8)                                  | 20.2                             |
| Cash and cash equivalents               | 0.5                     | –                                      | 0.5                              |
| Trade and other payables                | (15.9)                  | (6.3)                                  | (22.2)                           |
| Current tax liability                   | –                       | (3.0)                                  | (3.0)                            |
| Provisions for liabilities and charges  | (1.8)                   | –                                      | (1.8)                            |
| Net identifiable assets and liabilities | 55.4                    | (16.8)                                 | 38.6                             |
| Goodwill on acquisition                 |                         |  | 52.7                             |
|   |                         |  | 91.3                             |
| Cash consideration paid on completion   |                         |  | 58.3                             |
| Repayment of debt on acquisition        |                         |  | 30.4                             |
|   |                         |  | 88.7                             |
| Costs of acquisition                    |                         |  | 2.6                              |
|   |                         |  | 91.3                             |

Goodwill has arisen on the acquisition of GRD because of synergies expected to be obtained through the complementary fit of existing AMEC and GRD operations in Australasia, and GRD's skilled workforce and intellectual property which did not meet the criteria for recognition as an intangible asset as at the date of acquisition.

The contribution of these two acquisitions to revenue and profit in the period from their acquisition dates to 31 December 2009 was not material to the group. In respect of the year to 31 December 2009, including the period prior to acquisition by AMEC, the revenue of these businesses was £91.4 million and their losses before net financing income, tax, intangible amortisation and exceptional items were £3.9 million.

### Other acquisitions

A number of other smaller acquisitions were made in the year for £5.5 million in cash paid on completion. A further £1.6 million of conditional consideration may be paid in respect of these acquisitions. The aggregate fair value of identifiable net assets was £1.7 million (including cash acquired of £0.2 million) and goodwill arising on acquisitions was £5.4 million. The aggregate book value of net assets acquired was £0.4 million. This initial accounting for these acquisitions has been determined only provisionally.

Goodwill has been recognised on these acquisitions as a result of their skilled workforces which did not meet the criteria for recognition as intangible assets as at the dates of acquisition.

A further £10.0 million was paid in the period in respect of 2008 acquisitions, and the aggregate goodwill on these acquisitions was reduced by £7.9 million as the conditions for payment of elements of the deferred consideration were not met.

### Disposals in 2009

During the year, two small businesses were sold. In addition there were various cash payments in respect of businesses sold in prior years and adjustments to provisions held in respect of prior year disposals resulting in a net gain of £3.5 million and a net cash outflow of £6.2 million.

# Notes to the consolidated accounts continued

## 24 Acquisitions and disposals continued

### Acquisitions in 2008

#### Rider Hunt International (RHi)

On 2 April 2008, the group acquired all of the shares in RHi. RHi is based in the UK and is an international provider of project services to the oil, gas, chemical, energy and process industries.

The amounts recognised in respect of identifiable assets and liabilities relating to the acquisition of RHi were as follows:

|   | Book value<br>£ million | Fair value<br>adjustments<br>£ million | Recognised<br>value<br>£ million |
|---|-------------------------|--|----------------------------------|
| Property, plant and equipment           | 0.1                     | –                                      | 0.1                              |
| Intangible assets                       | –                       | 10.2                                   | 10.2                             |
| Trade and other receivables             | 7.3                     | –                                      | 7.3                              |
| Cash and cash equivalents               | 0.1                     | –                                      | 0.1                              |
| Trade and other payables                | (2.7)                   | –                                      | (2.7)                            |
| Deferred tax liability                  | –                       | (2.9)                                  | (2.9)                            |
| Net identifiable assets and liabilities | 4.8                     | 7.3                                    | 12.1                             |
| Goodwill on acquisition                 |                         |  | 13.3                             |
|   |                         |  | 25.4                             |
| Consideration                           |                         |  |                                  |
| Cash                                    |                         |  | 25.0                             |
| Costs of acquisition                    |                         |  | 0.4                              |
|   |                         |  | 25.4                             |

Goodwill has arisen on the acquisition of RHi primarily because of the synergies obtained through combining RHi's strong project controls expertise and customer relationships with AMEC's project management and engineering skills.

#### Bower Damberger Rolseth Engineering Limited (BDR)

On 16 May 2008, the group acquired all of the shares in BDR. BDR is based in Calgary, Canada and is a specialist in-situ oil sands business.

The amounts recognised in respect of identifiable assets and liabilities relating to the acquisition of BDR were as follows:

|   | Book value<br>£ million | Fair value<br>adjustments<br>£ million | Recognised<br>value<br>£ million |
|---|-------------------------|--|----------------------------------|
| Property, plant and equipment           | 0.3                     | –                                      | 0.3                              |
| Intangible assets                       | –                       | 10.6                                   | 10.6                             |
| Trade and other receivables             | 1.2                     | –                                      | 1.2                              |
| Cash and cash equivalents               | 2.2                     | –                                      | 2.2                              |
| Trade and other payables                | (3.0)                   | (0.7)                                  | (3.7)                            |
| Current tax payable                     | (0.4)                   | –                                      | (0.4)                            |
| Deferred tax liability                  | –                       | (2.7)                                  | (2.7)                            |
| Net identifiable assets and liabilities | 0.3                     | 7.2                                    | 7.5                              |
| Goodwill on acquisition                 |                         |  | 29.9                             |
|   |                         |  | 37.4                             |
| Consideration                           |                         |  |                                  |
| Cash – paid on completion               |                         |  | 17.7                             |
| – deferred                              |                         |  | 5.7                              |
| – contingent                            |                         |  | 13.8                             |
| Costs of acquisition                    |                         |  | 0.2                              |
|   |                         |  | 37.4                             |

The contingent consideration is payable in five years' time subject to achievement of profit targets over that period.

## 24 Acquisitions and disposals continued

Goodwill has arisen on the acquisition of BDR primarily because of the synergies obtained through combining the specialist engineering expertise and strong customer relationships of BDR with AMEC's capabilities in project management, construction management and engineering on large scale projects with major customers.

### Geomatrix Consultants, Inc (Geomatrix)

On 9 June 2008, the group acquired all of the shares in Geomatrix. Geomatrix is based in Oakland, US and is a diversified technical consulting and engineering firm offering specialist environmental, geotechnical and water resources services to clients in sectors such as oil and gas, industrial, mining and municipal.

The amounts recognised in respect of identifiable assets and liabilities relating to the acquisition of Geomatrix were as follows:

|   | Book value<br>£ million | Fair value<br>adjustments<br>£ million | Recognised<br>value<br>£ million |
|---|-------------------------|--|----------------------------------|
| Property, plant and equipment           | 1.2                     | –                                      | 1.2                              |
| Intangible assets                       | –                       | 9.7                                    | 9.7                              |
| Trade and other receivables             | 17.1                    | –                                      | 17.1                             |
| Cash and cash equivalents               | 1.6                     | –                                      | 1.6                              |
| Trade and other payables                | (9.9)                   | –                                      | (9.9)                            |
| Deferred tax liability                  | (0.6)                   | (3.9)                                  | (4.5)                            |
| Net identifiable assets and liabilities | 9.4                     | 5.8                                    | 15.2                             |
| Goodwill on acquisition                 |                         |  | 26.0                             |
|   |                         |  | 41.2                             |
| Consideration                           |                         |  |                                  |
| Cash – paid on completion               |                         |  | 32.7                             |
| – deferred                              |                         |  | 7.8                              |
| Costs of acquisition                    |                         |  | 0.7                              |
|   |                         |  | 41.2                             |

Goodwill has arisen on the acquisition of Geomatrix primarily as a result of the skilled workforce which did not meet the criteria for recognition as an intangible asset at the date of acquisition.

These three material acquisitions contributed £69 million to revenue and £8 million to profit before tax in the periods from their acquisition dates to 31 December 2008. In respect of the year to 31 December 2008, the revenue of these businesses was £106 million and their profit before tax £13 million.

### Other acquisitions

A number of other immaterial acquisitions were made in the year ended 31 December 2008 for £16.4 million in cash and £6.9 million deferred consideration, with the assumption of cash of £1.7 million. The aggregate fair value of the identifiable net liabilities was £0.8 million excluding cash assumed and the aggregate goodwill arising on the acquisitions was £15.5 million. There was no difference between book value and fair value to the group of the assets and liabilities acquired.

The contribution of these acquired businesses to revenue and profit was not material to the results of the group.

Goodwill has been recognised on these acquisitions as a result of skilled workforces which did not meet the criteria for recognition as intangible assets at the dates of acquisition.

£5.2 million was invested in joint ventures and other investments.

# Notes to the consolidated accounts continued

## 24 Acquisitions and disposals continued

### Disposals in 2008

#### Disposal of discontinued operations

During 2008, the group's interests in Road Management Group Limited and Newcastle Estate Partnership Holdings Limited were sold.

The total cash consideration received in respect of these and other discontinued operations was £20.3 million and the loss arising on disposal was £0.1 million.

#### Disposal of continuing operations

On 4 February 2008, the sale was completed of the tool and equipment hire business and related fixed assets, including certain contracts, of AMEC Logistics and Support Services to Speedy Hire Plc.

On 6 October 2008, the sale to Vattenfall of the UK Wind Developments business, excluding AMEC's share of the Isle of Lewis development, was completed.

The carrying value of the assets and liabilities sold and the profit on disposal in respect of the continuing operations were as follows:

|  | £ million |
|--|-----------|
| Property, plant and equipment  | 7.1       |
| Trade and other receivables  | 10.0      |
| Trade and other payables   | (1.7)     |
| Net assets sold  | 15.4      |
| Amounts provided in respect of indemnities and other liabilities (net of amounts released) | 9.0       |
|  | 24.4      |
| Cash consideration received  | 139.0     |
| Costs of disposal  | (3.9)     |
| Profit on disposal   | 110.7     |

#### Net cash flows attributable to discontinued operations

The net cash flows attributable to discontinued operations during the year were as follows:

|   | 2009<br>£ million | 2008<br>£ million |
|---|-------------------|-------------------|
| Net cash flow from operating activities | (1.9)             | (2.8)             |
| Net cash flow from investing activities | (7.0)             | 0.2               |
|   | (8.9)             | (2.6)             |

## 25 Capital commitments

|   | 2009<br>£ million | 2008<br>£ million |
|---|-------------------|-------------------|
| Contracted but not provided for in the accounts | -                 | 0.2               |

As at 31 December 2009, there was a commitment to invest a total of £0.2 million (2008: £2.9 million) in a PPP concession.

## 26 Operating leases

The total obligations under non-cancellable operating lease rentals for continuing operations are as follows:

|                            | 2009<br>£ million | 2008<br>£ million |
|----------------------------|-------------------|-------------------|
| In one year or less        | 51.9              | 35.1              |
| Between one and five years | 113.5             | 92.2              |
| Over five years            | 35.5              | 38.3              |
|                            | <b>200.9</b>      | <b>165.6</b>      |

AMEC enters into the following types of lease: short-term plant hires; leases for motor vehicles and office equipment with lease periods of two to five years; and longer term property leases. None of the leases include any contingent rentals.

## 27 Contingent liabilities

### Guarantees and indemnities

The borrowings of joint ventures are generally without recourse to AMEC.

In the normal course of business, the company and certain subsidiaries have given counter indemnities in respect of performance bonds issued on behalf of group companies and parental guarantees have been given in support of the contractual obligations of group companies and joint ventures on both a joint and a several basis.

### Legal claims and actions

AMEC has taken internal and external legal advice in considering known legal claims and actions made by or against the company. Consequently, it carefully assesses the likelihood of the success of a claim or action including those identified in this note. AMEC makes an appropriate provision for those legal claims or actions against the company on the basis of the likely outcome, but makes no provision for those which are, in its view, unlikely to succeed. Provisions of £53.8 million (2008: £65.3 million) are shown in note 21 in respect of these claims. It is not practicable to quantify the remaining contingent liability because of the range of possible outcomes and the progress of the litigation.

The information below indicates the quantum of claims against AMEC or where AMEC is unable to quantify the claim, an indication of the gross contract value or the amount in dispute. As the matters below involve actions by third parties against AMEC, the timing of settlement cannot be determined although AMEC is endeavouring to settle as soon as practicable. Due to the litigation, there is no work in progress or other receivable recognised in respect of these contracts. Whilst AMEC believes that certain claims may be covered by insurance, it is not currently practicable to assess the extent to which AMEC's insurance policies will respond in the event of a settlement.

After the terrorist attacks in September 2001, AMEC Construction Management Inc. ('ACMI') was one of four construction managers hired by the City of New York to carry out the clean-up and debris removal work at the World Trade Center site. The customer was responsible for procuring insurance to protect the construction managers and various contractors from lawsuits arising out of the work. The World Trade Center Captive Insurance Company (the 'WTC Captive') was formed and was funded with US\$1 billion in Federal money to provide coverage for the City, the construction managers and the contractors who performed the work on site. Pursuant to the insurance policy that was issued, the WTC Captive is providing a minimum of US\$1 billion in insurance coverage. This amount can increase depending upon investment returns on the US\$1 billion but is also being reduced by legal fees incurred. The WTC Captive is providing a defence and indemnification for claims against ACMI arising out of this work and has recently entered into a contingent settlement agreement with plaintiffs' counsel, representing over 10,000 plaintiffs, for between US\$575 million and US\$657 million provided at least 95 per cent of plaintiffs "opt in" to this settlement.

AMEC Group Limited ('AGL') is currently the subject of certain ongoing Health and Safety Executive investigations, in respect of separate incidents involving two separate fatalities to subcontractors at the Leftbank Apartments project in Manchester in April 2004 and April 2005. Two summons have been received with respect to the second fatality and this case will go to trial in September 2010. If AGL is to be prosecuted in the Crown Court for these cases, it could be liable to unlimited fines. A prosecution for AGL in relation to fatal accidents in relatively quick succession (such as those at the Leftbank Apartments) could have an impact on the amount of any penalty.

# Notes to the consolidated accounts continued

## 27 Contingent liabilities continued

AGL has also received two summons with regard to an incident involving a fatality at the Aberthaw Power Station. This accident occurred during work which was outside of AMEC's undertaking and control and which involved the death of a subcontractor of the client. AMEC are still considering their plea, but it is anticipated that this case will go to full trial during 2010. If found guilty AGL would be liable to unlimited fines.

## 28 Related party transactions

During the year there were a number of transactions with the senior management group, joint venture entities and subsidiary companies.

### Transactions with the senior management group

Directors of the company and their immediate relatives controlled 0.3 per cent of the voting rights of the company as at 31 December 2009.

In addition to their salaries, the group and company also provide non-cash benefits to directors and executive officers, and contribute to a post-employment defined benefit plan on their behalf. Directors and executive officers also receive share awards under the Performance Share Plan.

The senior management group includes AMEC plc board directors and persons discharging managerial responsibility. The senior management group compensation reported in the annual report and accounts 2008 included remuneration of senior management, with remuneration of the board directors reported separately in the directors' remuneration report. The 2009 compensation reported below for 2008 and 2009 includes both board directors and the senior management group. Details of the senior management group compensation are as follows:

|                              | 2009<br>£ million | 2008<br>£ million |
|------------------------------|-------------------|-------------------|
| Short-term employee benefits | 4.5               | 4.2               |
| Post-employment benefits     | 0.1               | 0.1               |
|                              | 4.6               | 4.3               |

The transactions and related balances outstanding with joint venture entities are as follows:

|                      | Value of transactions<br>in the year |                   | Outstanding balance<br>as at 31 December |                   |
|----------------------|--------------------------------------|-------------------|--|-------------------|
|                      | 2009<br>£ million                    | 2008<br>£ million | 2009<br>£ million                        | 2008<br>£ million |
| Purchase of goods    | -                                    | 0.5               | -  | -                 |
| Services rendered    | 24.1                                 | 15.6              | 4.1                                      | 4.5               |
| Services received    | 0.2                                  | 4.2               | 0.1                                      | 9.3               |
| Provision of finance | 9.0                                  | -                 | 7.8                                      | -                 |
| Management contracts | 0.5                                  | 1.3               | -  | 1.0               |

## 29 Post balance sheet event

On 29 January 2010, AMEC announced the acquisition of Currie & Brown (Australia) Pty Ltd, a leading cost and commercial management consultancy, from its shareholders Currie & Brown International Limited and other owner-managers, for a cash consideration of AU\$36.4 million.

Currie & Brown (Australia) is a provider of independent cost, contract and consulting services to the oil and gas, mining, building, transport, utilities and infrastructure sectors. The company has some 200 professional employees. It is headquartered in Brisbane and has offices in Adelaide, Gold Coast, Melbourne, Perth and Sydney.

# Company balance sheet

As at 31 December 2009

|  | Note | 2009<br>£ million | 2008<br>(restated)<br>£ million |
|--|------|-------------------|---------------------------------|
| <b>Fixed assets</b>  |      |                   |                                 |
| Tangible assets  | 2    | 2.5               | 3.2                             |
| Investments:   | 3    |                   |                                 |
| Subsidiaries   |      | 1,784.7           | 1,752.2                         |
| Other  |      | 0.1               | 0.1                             |
|  |      | <b>1,784.8</b>    | 1,752.3                         |
|  |      | <b>1,787.3</b>    | 1,755.5                         |
| <b>Current assets</b>  |      |                   |                                 |
| Debtors: including amounts falling due after one year of £7.5 million (2008: £nil) | 4    | 32.6              | 31.1                            |
| Cash at bank and in hand   |      | 330.9             | 503.5                           |
|  |      | <b>363.5</b>      | 534.6                           |
| <b>Current liabilities</b>   |      |                   |                                 |
| Creditors: amounts falling due within one year                                     | 5    | (39.7)            | (67.5)                          |
| <b>Net current assets</b>  |      | <b>323.8</b>      | 467.1                           |
| <b>Total assets less current liabilities</b>                                       |      | <b>2,111.1</b>    | 2,222.6                         |
| Creditors: amounts falling due after one year                                      | 6    | (1,074.0)         | (1,143.4)                       |
| Provisions for liabilities and charges   | 7    | (1.0)             | (11.4)                          |
| <b>Net assets</b>  |      | <b>1,036.1</b>    | 1,067.8                         |
| <b>Capital and reserves</b>  |      |                   |                                 |
| Called up share capital  | 8, 9 | 169.0             | 169.0                           |
| Share premium account  | 9    | 100.7             | 100.7                           |
| Revaluation reserve  | 9    | -                 | 0.5                             |
| Capital redemption reserve   | 9    | 17.2              | 17.2                            |
| Profit and loss account  | 9    | 749.2             | 780.4                           |
| <b>Equity shareholders' funds</b>  |      | <b>1,036.1</b>    | 1,067.8                         |

The accounts on pages 105 to 111 were approved by the board of directors on 4 March 2010 and were signed on its behalf by:

## SY Brikho

Chief Executive

## IP McHoul

Chief Financial Officer

# Notes to the company balance sheet

## 1 Accounting policies

### Basis of accounting

The accounts have been prepared under the historical cost convention, modified to include the revaluation of certain land and buildings and in accordance with applicable accounting standards and the Companies Act 2006.

The company has not presented its own profit and loss account, as permitted by section 408 of the Companies Act 2006.

Following amendments to FRS21 "Events after the balance sheet date" effective for accounting periods beginning on or after 1 January 2009, it is no longer appropriate to record interim dividends payable based on the constructive obligation created by the announcement of such dividends by the Board. Accordingly our interim dividend declared each year in August, and payable early in the January following the year to which it relates, is no longer recognised as a liability at 31 December and is only accounted for when paid. The comparative balance sheet at 31 December 2008 has been restated for this, resulting in an increase in net assets of £17.3 million. This change has no impact on the profit and loss account for the year then ended.

### Cash flow statement

The company is exempt from the requirement of FRS 1 'Cash flow statements' to prepare a cash flow statement as its cash flows are included within the consolidated cash flow of the group.

### Depreciation

Depreciation is provided on all tangible assets, other than freehold land, at rates calculated to write-off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its estimated useful life, as follows:

|                              |   |
|------------------------------|---|
| Freehold buildings           | 50 years                                  |
| Leasehold land and buildings | the shorter of the lease term or 50 years |
| Plant and equipment          | mainly three to five years                |

### Financial instruments

Financial instruments are initially recorded at fair value. Subsequent valuation depends on the designation of the instruments. Cash, deposits and short-term investments are held at amortised cost. Derivative financial instruments are accounted for as described in note 1 to the consolidated accounts.

The company is exempt from the disclosure requirements of FRS 29 'Financial Instruments: Disclosures' as the financial instruments disclosures of IFRS 7 'Financial Instruments: disclosure' are included in the notes to the consolidated accounts.

### Financial guarantee contracts

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the group, the company considers these to be indemnity 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.

### Foreign currencies

Transactions in a currency other than sterling are translated to Sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities are measured in terms of historical cost and are translated using the exchange rate at the date of the transaction.

Exchange differences arising on the translation of foreign currency net investments and foreign currency borrowings, or forward exchange contracts used to hedge those investments, are taken directly to reserves. Other exchange differences are taken to the profit and loss account in the year.

### Interest

Interest income and payable is recognised in profit or loss on an accruals basis using the effective interest method.

### Investments

Investments are stated at cost less provision for permanent diminution in value.

### Leases

Operating lease costs are charged to the profit and loss account on a straight line basis over the period of the lease.

### Pensions

Contributions to defined benefit pension schemes in respect of employees of AMEC plc are charged in the profit and loss account as incurred.

Defined benefit pension schemes are operated by the group but the company is unable to separately identify its share of the assets and liabilities of those schemes or any details of the surplus or deficit in the scheme and the implications of that surplus or deficit for the company.

Details of the disclosures required under FRS 17 'Retirement Benefits' can be found in the accounts of AMEC Group Limited, a subsidiary company.

### Provisions for liabilities and charges

The company has taken internal and external advice in considering known legal claims and actions made by or against the company. It carefully assesses the likelihood

## 1 Accounting policies continued

of success of a claim or action. Appropriate provisions are made for legal claims or actions against the company on the basis of likely outcome, but no provisions are made for those, which in the view of management are unlikely to succeed.

### Share-based payments

There are share-based payment arrangements which allow AMEC employees to acquire AMEC shares; these awards are granted by AMEC. The fair value of awards granted is recognised as a cost of employment with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the award. The fair value of the award is measured using a valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of shares that vest except where non-vesting is due only to share prices not achieving the threshold for vesting.

### Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 'Deferred tax'.

## 2 Tangible assets

|                               | Land and buildings<br>£ million | Plant and equipment<br>£ million | Total<br>£ million |
|-------------------------------|---------------------------------|----------------------------------|--------------------|
| Cost or valuation:            |                                 |                                  |                    |
| As at 1 January 2009          | 2.5                             | 4.2                              | 6.7                |
| Additions                     | –                               | 2.0                              | 2.0                |
| Disposal                      | (2.5)                           | –                                | (2.5)              |
| <b>As at 31 December 2009</b> | <b>–</b>                        | <b>6.2</b>                       | <b>6.2</b>         |
| Depreciation:                 |                                 |                                  |                    |
| As at 1 January 2009          | –                               | 3.5                              | 3.5                |
| Provided during the year      | –                               | 0.2                              | 0.2                |
| <b>As at 31 December 2009</b> | <b>–</b>                        | <b>3.7</b>                       | <b>3.7</b>         |
| Net book value:               |                                 |                                  |                    |
| <b>As at 31 December 2009</b> | <b>–</b>                        | <b>2.5</b>                       | <b>2.5</b>         |
| As at 1 January 2009          | 2.5                             | 0.7                              | 3.2                |

|  | 2009<br>£ million | 2008<br>£ million |
|--|-------------------|-------------------|
| The net book value of land and buildings comprised:    |                   |                   |
| Freehold   | –                 | 2.5               |
| Short leasehold  | –                 | –                 |
|  | –                 | 2.5               |
| The cost or valuation of land and buildings comprised: |                   |                   |
| Cost   | –                 | –                 |
| External valuation in 2004                             | –                 | 2.5               |
|  | –                 | 2.5               |

All significant freehold properties were externally valued as at 31 December 2004 by CB Richard Ellis Limited in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors. The basis of revaluation was existing use value for properties occupied by the company and market value for those properties without company occupancy.

# Notes to the company balance sheet continued

## 2 Tangible assets continued

The amount of land and buildings included at valuation, determined according to the historical cost convention, was as follows:

|                | 2009<br>£ million | 2008<br>£ million |
|----------------|-------------------|-------------------|
| Cost           | –                 | 3.3               |
| Depreciation   | –                 | (1.2)             |
| Net book value | –                 | 2.1               |

## 3 Investments (held as fixed assets)

|                               | Shares in subsidiaries<br>£ million | Amounts owed by subsidiaries<br>£ million | Total investment in subsidiaries<br>£ million | Other investments<br>£ million | Total<br>£ million |
|-------------------------------|-------------------------------------|---|---|--------------------------------|--------------------|
| Cost:                         |                                     |   |   |                                |                    |
| As at 1 January 2009          | 1,239.2                             | 594.0                                     | 1,833.2                                       | 0.1                            | 1,833.3            |
| Additions                     | 240.0                               | 273.0                                     | 513.0   | –                              | 513.0              |
| Disposals                     | –                                   | (480.5)                                   | (480.5)                                       | –                              | (480.5)            |
| <b>As at 31 December 2009</b> | <b>1,479.2</b>                      | <b>386.5</b>                              | <b>1,865.7</b>                                | <b>0.1</b>                     | <b>1,865.8</b>     |
| Provisions:                   |                                     |   |   |                                |                    |
| As at 1 January 2009          | 81.0                                | –   | 81.0  | –                              | 81.0               |
| <b>As at 31 December 2009</b> | <b>81.0</b>                         | <b>–</b>                                  | <b>81.0</b>                                   | <b>–</b>                       | <b>81.0</b>        |
| Net book value:               |                                     |   |   |                                |                    |
| <b>As at 31 December 2009</b> | <b>1,398.2</b>                      | <b>386.5</b>                              | <b>1,784.7</b>                                | <b>0.1</b>                     | <b>1,784.8</b>     |
| As at 1 January 2009          | 1,158.2                             | 594.0                                     | 1,752.2                                       | 0.1                            | 1,752.3            |

Principal group companies are listed on page 114.

## 4 Debtors

|   | 2009<br>£ million | 2008<br>£ million |
|---|-------------------|-------------------|
| <b>Debtors: amounts falling due within one year</b> |                   |                   |
| Trade debtors                                       | 4.5               | 14.1              |
| Amounts owed by subsidiaries                        | 12.9              | 1.2               |
| Derivative financial instruments                    | 0.6               | 2.9               |
| Corporation tax                                     | 5.4               | 9.0               |
| Other debtors                                       | 0.2               | 1.8               |
| Prepayments and accrued income                      | 1.5               | 2.1               |
|   | <b>25.1</b>       | 31.1              |
| <b>Debtors: amounts falling due after one year</b>  |                   |                   |
| Deferred tax  | 7.5               | –                 |
|   | <b>32.6</b>       | 31.1              |

The deferred tax asset/(liability) is analysed as follows:

|  | 2009<br>£ million | 2008<br>£ million |
|--|-------------------|-------------------|
| Difference between accumulated depreciation and capital allowances | 0.7               | 0.3               |
| Other timing differences   | 6.8               | (10.2)            |
|  | <b>7.5</b>        | (9.9)             |

## 5 Creditors: amounts falling due within one year

|  | 2009<br>£ million | 2008<br>(restated)<br>£ million |
|--|-------------------|---------------------------------|
| Bank and other loans and overdrafts      | 6.3               | 4.7                             |
| Trade creditors                          | 5.8               | 16.4                            |
| Amounts owed to subsidiaries             | –                 | 6.0                             |
| Derivative financial instruments         | 4.9               | 4.9                             |
| Other taxation and social security costs | 3.2               | 2.0                             |
| Other creditors                          | 7.5               | 15.5                            |
| Accruals and deferred income             | 11.8              | 17.8                            |
| Dividends                                | 0.2               | 0.2                             |
|  | <b>39.7</b>       | <b>67.5</b>                     |

## 6 Creditors: amounts falling due after one year

|                                  | 2009<br>£ million | 2008<br>£ million |
|----------------------------------|-------------------|-------------------|
| Amounts owed to subsidiaries     | 1,053.8           | 1,123.2           |
| Derivative financial instruments | 20.2              | 20.2              |
|                                  | <b>1,074.0</b>    | <b>1,143.4</b>    |

## 7 Provisions for liabilities and charges

|                               | Deferred<br>tax<br>£ million | Indemnities<br>granted<br>on disposal<br>of subsidiary<br>£ million | Total<br>£ million |
|-------------------------------|------------------------------|---|--------------------|
| As at 1 January 2009          | 9.9                          | 1.5   | 11.4               |
| Credited to profit and loss   | (3.5)                        | (0.5)   | (4.0)              |
| Credited to reserves          | (13.9)                       | –   | (13.9)             |
| Transferred to debtors        | 7.5                          | –   | 7.5                |
| <b>As at 31 December 2009</b> | <b>–</b>                     | <b>1.0</b>  | <b>1.0</b>         |

## 8 Share capital

The authorised share capital of the company is £350.0 million (2008: £350.0 million).

|   | 2009<br>£ million | 2008<br>£ million |
|---|-------------------|-------------------|
| Allotted, called up and fully paid ordinary shares of 50 pence each | 169.0             | 169.0             |

There was no movement in issued share capital during the year:

|   | Number             | £ million    |
|---|--------------------|--------------|
| <b>As at 1 January and 31 December 2009</b> | <b>337,965,871</b> | <b>169.0</b> |

### Share-based payment

Details of share-based payment schemes operated by the company are provided in note 22 to the group accounts.

## Notes to the company balance sheet continued

### 9 Reserves

|   | Share capital<br>£ million | Share premium account<br>£ million | Revaluation reserve<br>£ million | Capital redemption reserve<br>£ million | Profit and loss account<br>£ million | Total<br>£ million |
|---|----------------------------|------------------------------------|----------------------------------|---|--------------------------------------|--------------------|
| <b>As at 1 January 2009</b>                                     | <b>169.0</b>               | <b>100.7</b>                       | <b>0.5</b>                       | <b>17.2</b>                             | <b>763.1</b>                         | <b>1,050.5</b>     |
| Restatement   | -                          | -                                  | -                                | -                                       | 17.3                                 | 17.3               |
| <b>As at 1 January 2009 (restated)</b>                          | <b>169.0</b>               | <b>100.7</b>                       | <b>0.5</b>                       | <b>17.2</b>                             | <b>780.4</b>                         | <b>1,067.8</b>     |
| Equity settled share-based payments                             | -                          | -                                  | -                                | -                                       | 5.4                                  | 5.4                |
| Dividends   | -                          | -                                  | -                                | -                                       | (50.3)                               | (50.3)             |
| Utilisation of treasury shares                                  | -                          | -                                  | -                                | -                                       | 1.2                                  | 1.2                |
| Acquisition of shares by trustees of the Performance Share Plan | -                          | -                                  | -                                | -                                       | (9.8)                                | (9.8)              |
| Acquisition of treasury shares                                  | -                          | -                                  | -                                | -                                       | (6.4)                                | (6.4)              |
| Tax on income charged to reserves                               | -                          | -                                  | -                                | -                                       | 16.1                                 | 16.1               |
| Disposal of revalued property                                   | -                          | -                                  | (0.5)                            | -                                       | 0.5                                  | -                  |
| Profit for the year   | -                          | -                                  | -                                | -                                       | 12.1                                 | 12.1               |
| <b>As at 31 December 2009</b>                                   | <b>169.0</b>               | <b>100.7</b>                       | <b>-</b>                         | <b>17.2</b>                             | <b>749.2</b>                         | <b>1,036.1</b>     |

Details of dividends paid by the company and proposed during the year are disclosed in note 22 to the group accounts.

### 10 Lease commitments

The current annual commitments payable under non-cancellable operating leases were as follows:

|                            | Land and buildings<br>2009<br>£ million | Land and buildings<br>2008<br>£ million | Plant and equipment<br>2009<br>£ million | Plant and equipment<br>2008<br>£ million |
|----------------------------|---|---|--|--|
| Between one and five years | <b>0.2</b>                              | -                                       | -  | -  |
| Expiring over five years   | -                                       | 0.8                                     | -  | -  |

### 11 Contingent liabilities

#### Guarantees and indemnities

Guarantees given by the company in respect of borrowings of subsidiaries amounted to £nil as at 31 December 2009 (2008: £nil).

Details of other contingent liabilities of the company are provided in note 27 to the group accounts.

## 12 Related party transactions

During the year the only related party transactions were with the senior management group.

### Transactions with the senior management group

Directors of the company and their immediate relatives controlled 0.3 per cent of the voting rights of the company as at 31 December 2009.

In addition to their salaries, the company also provides non-cash benefits to directors and contributes to a post-employment defined benefit plan on behalf of certain directors. Directors also receive share awards under the Performance Share Plan.

The senior management group consists of the AMEC plc board directors and details of their compensation are as follows:

|                              | 2009<br>£ million | 2008<br>£ million |
|------------------------------|-------------------|-------------------|
| Short-term employee benefits | 3.6               | 3.0               |
| Post-employment benefits     | 0.1               | -                 |
|                              | <b>3.7</b>        | 3.0               |

# Responsibility statements of the directors

## Statement of directors' responsibilities in respect of the annual report and the accounts

The directors are responsible for preparing the annual report and the consolidated and parent company accounts, in accordance with applicable law and regulations.

Company law requires the directors to prepare consolidated and parent company accounts for each financial year. Under that law the directors are required to prepare the consolidated accounts in accordance with IFRS as adopted by the EU and applicable law and have elected to prepare the parent company accounts in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the consolidated and parent company accounts unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period.

In preparing each of the consolidated and parent company accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- for the consolidated accounts, state whether they have been prepared in accordance with IFRS as adopted by the EU
- for the parent company accounts, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company accounts and
- prepare the consolidated and parent company accounts on the going concern basis unless it is inappropriate to presume that the consolidated and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its accounts comply with the Companies Act 2006. 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, directors' 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 consolidated and parent company accounts may differ from legislation in other jurisdictions.

## Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the accounts, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the directors report includes a fair review of the development and performance of the business and the position of the issuer and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

**S Y Brikho**  
Chief Executive

**I P McHoul**  
Chief Financial Officer  
4 March 2010

# Independent auditors' report to the members of AMEC plc

Registered number 1675285

We have audited the accounts of AMEC plc for the year ended 31 December 2009 set out on pages 58 to 111. The financial reporting framework that has been applied in the preparation of the consolidated accounts is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company accounts is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement set out on page 112, the directors are responsible for the preparation of the consolidated and parent company accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit the consolidated and parent company accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## Scope of the audit of the consolidated and parent company accounts

A description of the scope of an audit of consolidated and parent company accounts is provided on the APB's web-site at [www.frc.org.uk/apb/scope/UKP](http://www.frc.org.uk/apb/scope/UKP).

## Opinion on consolidated and parent company accounts

In our opinion:

- the consolidated and parent company accounts give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2009 and of the group's profit for the year then ended;
- the consolidated accounts have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company accounts have been properly prepared in accordance with UK Generally Accepted Accounting Practice;

- the consolidated and parent company accounts have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the consolidated accounts, Article 4 of the IAS Regulation.

## Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the consolidated and parent company accounts are prepared is consistent with the consolidated and parent company accounts.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company accounts and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 112, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

**Richard Pinckard** (Senior Statutory Auditor)  
for and on behalf of KPMG Audit Plc, Statutory Auditor  
Chartered Accountants  
St James Square  
Manchester  
M2 6DS

4 March 2010

# Principal group companies

As at 31 December 2009

The subsidiaries and joint ventures which, in the opinion of the directors, principally affect group trading results and net assets are listed below. Except where indicated, all subsidiaries listed below are wholly owned, incorporated in Great Britain and carry on their activities principally in their countries of incorporation. Shares are held by subsidiary companies except where marked with an asterisk, where they are held directly by the company. All holdings are of ordinary shares, except where otherwise indicated. A full list of subsidiaries will be filed with the Registrar of Companies with the next annual return.

## Subsidiaries

AMEC Americas Limited (Canada)  
AMEC Australia Pty Limited (Australia) (note 1)  
AMEC BDR Limited (Canada)  
AMEC (Bermuda) Limited (Bermuda)  
AMEC Cade Ingenieria y Desarrollo de Proyectos Ltda. (Chile)  
AMEC Cade Servicios de Ingenieria Ltda. (Chile)  
AMEC Earth & Environmental, Inc. (US)  
AMEC Earth & Environmental (UK) Limited  
AMEC E&C Services, Inc. (US)  
\*AMEC Finance Limited  
AGRA Foundations Limited (Canada)  
AMEC Geomatrix, Inc. (US)  
\*AMEC Group Limited  
AMEC Holdings, Inc. (US)  
AMEC Inc. (Canada)  
AMEC International (Chile) S.A. (Chile)  
AMEC Kamtech, Inc. (US)  
AMEC Nuclear UK Limited  
AMEC NCL Limited (Canada)  
AMEC Nuclear Holdings Limited  
AMEC Offshore Services Limited  
AMEC Paragon, Inc. (US)  
AMEC Participacoes E Consultoria Para O Setor De Mineracao Ltda. (Brazil)  
AMEC (Peru) S.A. (Peru)  
AMEC Project Investments Limited  
\*AMEC Property and Overseas Investments Limited  
AMEC Utilities Limited  
Atlantic Services Limited (Bermuda)  
GRD Limited (Australia)  
AMEC Minproc Limited (Australia)  
KL Ingenieurbau GmbH (Germany)  
GRD Minproc (Proprietary) Limited (South Africa)  
National Ventures, Inc. (US)  
AMEC NSS Limited (Canada)  
Performance Improvements (PI) Limited  
Performance Improvements (PI) Group Limited  
Primat Recruitment Limited  
Rider Hunt International Limited  
Terra Nova Technologies, Inc. (US)

## Joint ventures

AMEC Black Cat LLC (Qatar) (49 per cent) (note 2)  
Incheon Bridge Co. Ltd (23 per cent) (note 3)  
KIG Immobilien Beteiligungsgesellschaft mbH (Germany) (50 per cent) (note 4)  
\*Northern Integrated Services Limited (50 per cent – “B” shares) (note 5)  
Nuclear Management Partners Limited (36 per cent) (note 6)  
Sellafield Limited (note 7)

## Notes

- 1 The issued share capital of AMEC Australia Pty Limited is 62,930,001 ordinary shares of A\$1 each, 12,500,000 class “A” redeemable preference shares of A\$1 each and 2,500 non-cumulative redeemable preference shares of A\$1 each.
- 2 The issued share capital of AMEC Black Cat LLC 10,000,000 ordinary shares of QAR1 each.
- 3 The issued share capital of Incheon Bridge Co. Ltd is 32,319,184 ordinary shares of KRW 5,000 each.
- 4 KIG Immobilien Beteiligungsgesellschaft mbH is a limited liability partnership.
- 5 The issued share capital of Northern Integrated Services Limited is 12,500 “A” ordinary shares of £1 each and 12,500 “B” ordinary shares of £1 each.
- 6 The issued share capital of Nuclear Management Partners Limited is 100 ordinary shares of £1 each and one preference share of £1.
- 7 Sellafield Limited is 100 per cent owned by Nuclear Management Partners Limited.

# Five year record

|  | 2009<br>£ million | 2008<br>(restated)<br>£ million | 2007<br>(restated)<br>£ million | 2006<br>(restated)<br>£ million | 2005<br>(restated)<br>£ million |
|--|-------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| <b>Summarised consolidated results</b>   |                   |                                 |                                 |                                 |                                 |
| <b>Continuing operations</b>   |                   |                                 |                                 |                                 |                                 |
| Revenue  | <b>2,539.1</b>    | 2,606.4                         | 2,356.2                         | 2,121.6                         | 1,788.5                         |
| Adjusted profit before tax <sup>1</sup>  | <b>215.6</b>      | 210.3                           | 126.5                           | 79.7                            | 80.6                            |
| Amortisation and impairment  | <b>(15.7)</b>     | (9.2)                           | (2.5)                           | (3.6)                           | (6.0)                           |
| Joint ventures and associates tax  | <b>(5.3)</b>      | (1.4)                           | (0.6)                           | (0.3)                           | (1.9)                           |
| Other items <sup>2</sup>   | <b>(3.7)</b>      | (2.1)                           | –                               | –                               | –                               |
|  | <b>190.9</b>      | 197.6                           | 123.4                           | 75.8                            | 72.7                            |
| Exceptional items  | <b>12.6</b>       | 109.0                           | 28.2                            | (102.8)                         | (51.6)                          |
| Profit/(loss) before income tax  | <b>203.5</b>      | 306.6                           | 151.6                           | (27.0)                          | 21.1                            |
| Income tax   | <b>(46.8)</b>     | (96.9)                          | (30.1)                          | (15.2)                          | (15.3)                          |
| <b>Profit/(loss) for the year from continuing operations</b>                       | <b>156.7</b>      | 209.7                           | 121.5                           | (42.2)                          | 5.8                             |
| <b>Profit/(loss) for the year from discontinued operations (net of income tax)</b> | <b>15.9</b>       | (10.7)                          | 222.9                           | 261.4                           | (2.1)                           |
| <b>Profit for the year</b>   | <b>172.6</b>      | 199.0                           | 344.4                           | 219.2                           | 3.7                             |
| Basic earnings/(loss) per share from continuing operations                         | <b>47.6p</b>      | 64.5p                           | 36.9p                           | (13.3)p                         | 1.9p                            |
| Diluted earnings per share from continuing operations <sup>3</sup>                 | <b>46.9p</b>      | 44.0p                           | 28.0p                           | 16.6p                           | 17.8p                           |
| Dividends per share  | <b>17.7p</b>      | 15.4p                           | 13.4p                           | 12.2p                           | 11.5p                           |
| Dividend cover <sup>3</sup>  | <b>2.6x</b>       | 2.8x                            | 2.1x                            | 1.4x                            | 1.5x                            |
| <b>Summarised consolidated balance sheets<sup>4</sup></b>                          |                   |                                 |                                 |                                 |                                 |
| Non-current assets   | <b>656.4</b>      | 659.7                           | 573.7                           | 479.0                           | 895.3                           |
| Net working capital  | <b>(122.9)</b>    | (111.0)                         | (152.7)                         | (165.8)                         | (95.3)                          |
| Net cash/(debt)  | <b>742.7</b>      | 764.5                           | 733.2                           | 354.9                           | (245.5)                         |
| Other non-current liabilities  | <b>(249.9)</b>    | (307.3)                         | (259.3)                         | (197.1)                         | (218.6)                         |
| Net assets classified as held for sale   | –                 | –                               | 13.6                            | 37.6                            | –                               |
| <b>Net assets</b>  | <b>1,026.3</b>    | 1,005.9                         | 908.5                           | 508.6                           | 335.9                           |
| Total attributable to equity holders of the parent                                 | <b>1,022.9</b>    | 1,003.3                         | 907.7                           | 507.8                           | 335.6                           |
| Minority interests   | <b>3.4</b>        | 2.6                             | 0.8                             | 0.8                             | 0.3                             |
| <b>Total equity</b>  | <b>1,026.3</b>    | 1,005.9                         | 908.5                           | 508.6                           | 335.9                           |

The five year record has been prepared under adopted IFRS and is stated in accordance with the accounting policies set out on pages 64 to 69.

## Notes

- Adjusted profit before intangible amortisation and goodwill impairment, pre-tax exceptional items and elements of deferred consideration on acquisitions in the Earth & Environmental division, but including joint venture profit before tax.
- Other items represent elements of deferred consideration on acquisitions in the Earth & Environmental division which, in line with IFRS 3 are included within profit before net financing income in the consolidated income statement.
- Before amortisation, impairment, deferred consideration and exceptional items.
- Balance sheets for 2005 to 2008 have been restated to exclude recognition of the liability in respect of the interim dividend declared for each year. Balance sheets for 2007 and 2008 have been restated to reclassify the deferred tax liability on retirement benefit assets.
- The figures for 2005 through 2009 are presented on a continuing basis and therefore exclude the results of discontinued businesses. No adjustment has been made to reflect the financing income that would have been earned on the disposal proceeds.

# Shareholder information

Latest company law allows AMEC to use its website to communicate with shareholders. Around 80 per cent of shareholders are now receiving AMEC annual reports and notices of meetings electronically. This is helping to make AMEC a more sustainable company, cutting production and distribution costs and reducing waste and pollution.

Shareholders receiving shareholder information in this way receive a letter every time any new shareholder information is published by AMEC. Such communications will refer to AMEC annual reports, documents relating to the annual general meeting and any other shareholder communications. They will contain links to the website where the documents can be viewed. However, shareholders may elect to receive such notifications by email, which would normally be sent by AMEC's registrar, Capita Registrars. For more information, see below.

Copies of annual reports and accounts are also available by writing to AMEC at its registered office.

AMEC's website contains useful information about the company and also provides a number of email alerting services, which notify shareholders of latest announcements and events. To register, visit [amec.com/emailalerts](http://amec.com/emailalerts).

This page sets out the key dates of the financial calendar and other summary information. Further information is available on [amec.com](http://amec.com) at the links provided below.

## Financial calendar

With its financial year ending on 31 December, AMEC usually announces preliminary results in March, the annual report is published in April and the annual general meeting takes place in May. Interim results for the half year ended 30 June are announced in August, with interim management statements being provided in May and November.

Results announcements and interim management statements are notified to the London Stock Exchange and are available at [amec.com/rns](http://amec.com/rns).

The latest financial calendar is available at [amec.com/investors/financialcalendar](http://amec.com/investors/financialcalendar).

## Dividends

The interim dividend is usually announced in August and paid in January, with the final dividend proposed in March and paid in July.

Shareholders may elect to have dividend payments made directly into their bank or building society accounts by contacting the company's registrar, Capita Registrars.

A dividend reinvestment plan (DRIP) is available for shareholders<sup>#</sup> who would prefer to purchase additional AMEC shares instead of receiving cash dividends. Further details of the DRIP may be obtained from Capita Registrars on 0871 664 0381 (calls cost 10 pence per minute plus network extras; lines are open 9:00 am to 5:30 pm, Mon-Fri) (+44 20 8639 3402 if calling from overseas) or via [amec.com/investors/shareholderinformation/dividends](http://amec.com/investors/shareholderinformation/dividends).

## Electronic shareholder information

To register for electronic shareholder communications and manage your personal shareholding online, please go to [capitashareportal.com](http://capitashareportal.com). To register you will need your Investor Code (IVC) which can be found on your share certificate or dividend tax voucher. If you have any questions you may contact Capita Registrars on 0871 664 0391 (calls cost 10 pence per minute plus network extras; lines are open 9:00 am to 5:30 pm, Mon-Fri) or +44 20 8639 3367 if calling from overseas.

For general shareholder queries please contact:

### Capita Registrars

Northern House,  
Woodsome Park,  
Fenay Bridge,  
Huddersfield HD8 0GA  
United Kingdom  
Tel: 0871 664 0300 (Calls cost 10 pence per minute plus network extras; lines are open 8:30 am to 5:30 pm, Mon-Fri.)  
Overseas callers: +44 20 8639 3399  
Email: [ssd@capitaregistrars.com](mailto:ssd@capitaregistrars.com) or visit the website at [capitaregistrars.com](http://capitaregistrars.com).

### Registered office

AMEC plc  
Booths Park,  
Chelford Road,  
Knutsford,  
Cheshire WA16 8QZ  
United Kingdom  
Registered in England No 1675285

<sup>#</sup>Shareholders in certain countries are not able to participate – see website for details.