

**11 March 2008
AMEC plc Preliminary Results 2007**

RECORD RESULTS AND CASH POSITION

- Strong performance by the group's three core divisions
- Adjusted pre-tax profit¹ £126.5 million, up 59%
- Profit for the year £344.4 million (2006: £219.2 million)
- 5.1% EBITA margin² (2006: 4.1%); on track to deliver 2008 margin target of 6%
- Diluted earnings per share³ from continuing operations 28.0 pence, up 69%
- Dividends per share up 10% to 13.4 pence
- Average net cash 2007 £435 million; 2008 expected to be c.£600 million⁴

Commenting today, Chief Executive, Samir Brikho, said:

"These are excellent results. Our margin performance sets a new record for AMEC and puts us firmly on track to deliver our target of six per cent in 2008.

"Following the successful transformation of the group in 2007, our net cash position stands at a record level. Our prospects have never been stronger. The outlook in our markets remains strong, and we are delivering significant improvements in our performance."

Financial highlights:

	2007	2006	
	£ million	£ million	
Continuing operations:			
Revenue	2,356.2	2,121.6	+11%
Profit before intangible amortisation, exceptional items and income tax ¹	126.5	79.7	+59%
Profit/(loss) before income tax	151.6	(27.0)	nm
Profit from discontinued operations – including profit on disposals	222.9	261.4	-15%
Diluted earnings per share from continuing operations before intangible amortisation and exceptional items	28.0p	16.6p	+69%
Diluted earnings/(loss) per share from continuing operations	36.1p	(13.3p)	nm
Dividends per share	13.4p	12.2p	+10%

nm not meaningful

Any forward looking statements made in this document represent management's best judgement as to what may occur in the future. However, the group's actual results for the current and future fiscal periods and corporate developments will depend on a number of economic, competitive and other factors, some of which will be outside the control of the group. Such factors could cause the group's actual results for future periods to differ materially from those expressed in any forward looking statements made in this document.

Results presentation and live webcast

AMEC will host a presentation on the preliminary results for analysts and investors at 8.30am today.

A live webcast of the event and presentation slides will be available on www.amec.com.

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Notes:

- 1 For continuing operations before intangible amortisation of £2.5 million (2006: £3.6 million) and pre-tax exceptional income of £28.2 million (2006: charges of £102.8 million) but including joint venture profit before tax of £1.8 million (2006: £0.2 million).
- 2 For continuing operations before net financing income/(costs), intangible amortisation, pre-tax exceptional items and £12.4 million one-off costs of STEP Change (2006: £nil) but including joint venture profit before tax, as a percentage of revenue.
- 3 For continuing operations before intangible amortisation and exceptional items.
- 4 Before acquisitions and share buybacks.

Results

Revenue for the year increased by 11 per cent to £2,356.2 million (2006: £2,121.6 million), reflecting strong growth in both the Natural Resources and Power and Process divisions. Underlying growth in revenues, excluding oil and gas lump-sum contracting (now ceased), and the Investments and other activities division (where various businesses were sold or closed during 2007) was 21 per cent in 2007, being almost entirely organic.

Adjusted pre-tax profit¹ of £126.5 million was up £46.8 million (2006: £79.7 million), with all core divisions performing strongly.

There was pre-tax exceptional income of £28.2 million (2006: charge of £102.8 million), intangible amortisation of £2.5 million (2006: £3.6 million) and joint venture tax of £0.6 million (2006: £0.3 million), resulting in a pre-tax profit of £151.6 million (2006: loss of £27.0 million).

Profit for the year (including profit on disposal of discontinued businesses) was £344.4 million (2006: £219.2 million).

Diluted earnings per share from continuing operations, before intangible amortisation and exceptional items, were 11.4 pence higher than in 2006 at 28.0 pence (2006: 16.6 pence).

The board is recommending a final dividend of 8.8 pence per share (2006: 8.0 pence) which, together with the interim dividend of 4.6 pence per share (2006: 4.2 pence), results in a total dividend of 13.4 pence per share (2006: 12.2 pence), an increase of 10 per cent. This represents a dividend cover² of 2.1 times and is in line with the board's stated policy of rebuilding sustainable dividend cover to a level of over two times.

Outlook

AMEC's end markets in the energy, power and process sectors remain strong, and significant progress is expected in each of the group's core divisions. The board remains confident that AMEC will deliver the six per cent EBITA margin targeted for 2008. Performance in 2008 will benefit from further savings of £29 million arising from the STEP Change programme – by the end of 2008 this programme will have generated annualised total net savings of £40 million. The group's Operational Excellence programme will be a major contributor to AMEC delivering its target margin of eight per cent in 2010.

The group expects to spend around £100 million on acquisitions during the first half of 2008.

Overall, the board expects to make significant progress in 2008, in line with its expectations at the time of AMEC's pre-close trading update on 13 December 2007.

1 For continuing operations before intangible amortisation of £2.5 million (2006: £3.6 million) and pre-tax exceptional income of £28.2 million (2006: charges of £102.8 million) but including joint venture profit before tax of £1.8 million (2006: £0.2 million).

2 Based on adjusted diluted earnings per share before intangible amortisation and exceptional items.

The group's end markets in the energy, power and process sectors are expected to remain strong. The group's Operational Excellence programme will be a major contributor to AMEC delivering its target margin of 8 per cent in 2010.

AMEC expects to make a statement on current trading on Wednesday, 14 May 2008, the day of the company's annual general meeting.

Basis of preparation and discontinued activities

As previously disclosed, the Built Environment businesses, now sold, have been treated as discontinued operations in the 2007 accounts. The comparative segmental results for the year ended 31 December 2006 have been restated to reflect this change and some minor business restructuring. These restatements are consistent with those disclosed on 25 June 2007, except for a change in classification of the Wind Developments business. This has been transferred out of the Power and Process division and into the Investments and other activities segment.

Segmental review

Segmental analysis is provided for the group's continuing activities in the Natural Resources, Power and Process and Earth and Environmental divisions.

The Investments and other activities division includes past activities in Rail (now sold), Hong Kong (now substantially reduced), US Construction Management (all projects now completed) and a plant hire business (sold in February 2008), together with two ongoing PPP activities in Korea and the UK. It also now includes the Wind Developments business (formerly reported in the Power and Process division).

Amounts and percentage movements relating to continuing segmental earnings before net financing income/(costs), tax and intangible amortisation ('EBITA') are stated before corporate costs of £36.5 million (2006: £21.4 million) and pre-tax exceptional income of £28.2 million (2006: charges of £102.8 million), but including joint venture profit before tax of £1.8 million (2006: £0.2 million).

The average number of employees for the years ended 31 December 2007 and 31 December 2006 stated in this review include agency staff.

Amounts relating to segmental net assets / (liabilities) are stated before intangible assets and net cash, but including interests in joint ventures and associates.

Natural Resources

Natural Resources comprises AMEC's activities in Oil and Gas Services, Oil Sands (project management, engineering and infrastructure) and Metals and Minerals Mining. Services include asset development and asset support, including consultancy and engineering design, project management, commissioning and operational support.

The split of 2007 revenue between Natural Resources' three principal areas of activity was as follows: Oil and Gas Services 67 per cent, Oil Sands (project management, engineering and infrastructure) 18 per cent and Metals and Minerals Mining 15 per cent. Some 50 per cent of revenues in 2007 were generated by each of asset development ('capex') and asset support ('opex') services.

£ million	2007	2006	change
Revenue	1,014.8	818.0 ¹	+24%
EBITA	95.5	59.1 ¹	+62%
EBITA margin	9.4%	7.2% ¹	+31%
Net assets	28.8	71.3	-60%
Order book	£1.21bn	£1.03bn	+17%
Average number of employees ²	9,715	8,317	+17%

1 Excluding lump-sum fabrication, now ceased (2007: revenue and EBITA £nil; 2006: revenue £102.9 million, EBITA £nil).

2 Full time equivalents, including agency staff.

Natural Resources performance in 2007 was strong in each of its principal areas of activity but was strongest in North America (Oil and Gas Services, Canadian Oil Sands Infrastructure and Minerals and Metals Mining).

Revenues in 2006 included £102.9 million in respect of lump-sum fabrication activities in the Oil and Gas Services business, from which AMEC has now withdrawn. Commentary below therefore excludes this activity from the comparative data.

Revenue for the period was £1,014.8 million (2006: £818.0 million), with the 24 per cent increase for the year being entirely organic. EBITA increased by 62 per cent to £95.5 million (2006: £59.1 million). EBITA margin of 9.4 per cent (2006: 7.2 per cent) comfortably exceeded the 2008 target range of 7–8 per cent originally set in December 2006 and reflected strength in Natural Resources end markets together with improvements in both capex and opex margins during the year.

The Natural Resources order book increased despite strong growth in revenues during 2007, and at £1.21 billion, was 17 per cent up on the position at the end of 2006.

During the year, new awards included a five-year consultancy and engineering services contract with the Kuwait National Petroleum Company covering upgrades, refurbishment and modifications on Kuwait's three existing refineries; front-end engineering design and management of the winter drilling programme for Imperial Oil at their Kearl Oil sands project in Canada and contracts from PotashCorp

for engineering, procurement and construction management services on the Cory mine expansion and Picadilly project in Canada.

In January 2008, AMEC announced major contracts, awarded in December 2007, in the UK North Sea and Nigeria. In the North Sea, AMEC was awarded a contract by Fairfield Energy to be the Duty Holder on the Dunlin cluster of oilfield production facilities. The contract will run for the life of the field, which is estimated to be between 10 and 15 years. In Nigeria, Mobil Nigeria awarded AMEC a contract for project/construction management services on the Mobil Integrity Project.

Natural Resources outlook

Natural Resources end markets remain buoyant and the board expects the division to make strong progress in 2008.

In Oil and Gas Services, activity levels are expected to remain high in all regions. In the UK North Sea, existing brownfield services and operations and maintenance activities will be augmented by increasing levels of higher margin duty holder activity, which represents a growth opportunity for AMEC.

The Canadian oil sands market for engineering and infrastructure services is expected to remain particularly strong, being driven by continued high levels of investment. During 2008, AMEC expects to expand its activities in the in-situ sector through acquisition.

The Minerals and Metals Mining business is expected to remain strong, with ramping up of contracts in South America and continued high levels of activity in Canada.

Given the strength of both margin performance in 2007 and the outlook for 2008, the margin target range for Natural Resources in 2008 was increased to 9-10 per cent in December 2007, up from the 7-8 per cent range set in December 2006. The division is targeting an EBITA margin of 10-11 per cent in 2010.

Power and Process

Power and Process includes AMEC's activities in power and process markets and nuclear. The business designs, delivers, enhances and maintains infrastructure for a broad range of clients in the public and private sectors.

The split of 2007 revenue between each of the three principal end markets in Power and Process was broadly as follows: process 50 per cent, power 25 per cent, and nuclear 25 per cent.

£ million	2007	2006	change
Revenue	1,009.1	794.7	+27%
EBITA	38.9	22.8	+71%
EBITA margin ¹	4.3%	2.9%	+48%
Net liabilities	(57.0)	(55.4)	-3%
Order book	£1.36bn	£1.40bn	-3%
Average number of employees ²	6,753	5,766	+17%

1 2007 excludes one-off costs of STEP Change of £4.6 million (2006: £nil).

2 Full time equivalents, including agency staff.

Performance in the Power and Process division was strong, reflecting the ramp-up of major contracts in the UK and higher levels of activity in North America. As a result of the continued strength in trading during 2007 and increased selectivity in new work taken on, the division has increased its minimum gross margin on all new contracts to nine per cent, from eight per cent.

Revenue for the period was £1,009.1 million (2006: £794.7 million), with the 27 per cent increase for the year being almost entirely organic. The UK and Americas Power and Process businesses reported strong growth in 2007. During the year, activity increased on long-term contracts to improve gas and electricity infrastructure in the UK, whilst in North America, activity levels in the power generation, cement and alternative fuels markets were particularly high.

In Nuclear, activity levels remained high on the major project to restart two reactors for Bruce Power in Canada, whilst in the UK, a five-year contract was awarded by British Energy for engineering and project management services on three of its fleet of nuclear power plants.

EBITA in 2007 increased by 71 per cent to £38.9 million (2006: £22.8 million), principally reflecting strength of end markets and greater management focus on higher margin contracts. EBITA margin, before one-off costs of STEP Change, showed strong improvement, being up by 48 per cent at 4.3 per cent (2006: 2.9 per cent).

The Power and Process order book declined by three per cent to £1.36 billion as at 31 December 2007 (2006: £1.40 billion), reflecting increased selectivity in this division during the course of 2007.

Power and Process outlook

The focus for this division in 2008 remains margin improvement. Although the business is operating in a strong market environment, it is being more selective in new work taken on and revenue growth is not a priority for 2008. The STEP Change and Operational Excellence programmes are expected to improve performance during 2008 and beyond.

In 2007, the UK businesses achieved an EBITA margin within the 5-6 per cent range targeted for the Power and Process division in 2008. The Americas business is expected to achieve the margin target in 2008.

The quality of the order book was improved during 2007, with a higher gross margin threshold on all new contracts, as described above. This, coupled with higher profit-take on contracts as they pass key milestones, is expected to lead to improved margin performance in 2008.

The board is confident that performance will be comfortably within the revised (as at December 2007) 2008 margin target range of 5-6 per cent (original target range 5-7 per cent). The Power and Process division is targeting an EBITA margin of 6-7 per cent in 2010.

Earth and Environmental

Earth and Environmental provides specialist environmental, geotechnical, programme management and consultancy services to a broad range of clients in the public and private sectors. This business operates from a regional network and is characterised by a large number of small value contracts.

£ million	2007	2006	change
Revenue	288.4	304.4	-5%
EBITA	21.2	17.7	+20%
EBITA margin	7.4%	5.8%	+28%
Net assets	33.2	19.0	+75%
Average number of employees ¹	3,576	3,119	+15%

¹ Full time equivalents, including agency staff.

Underlying revenues before currency fluctuations were up around four per cent during the year. Increased revenues in both Canada and the US were offset by reduced US Federal activities outside North America and weakness of the US dollar.

During the year, significant contracts included the preparation of a major environmental impact statement covering 17 states for the US Fish and Wildlife Service, a two-year dam safety geotechnical services contract from the Flood Control District of Maricopa County (US) and environmental services for clients in the Canadian oil sands including Imperial Oil.

EBITA increased by 20 per cent to £21.2 million (2006: £17.7 million), with growth principally reflecting strong end markets in Canada. EBITA margin increased to 7.4 per cent (2006: 5.8 per cent).

Earth and Environmental outlook

Earth and Environmental end markets are expected to remain strong, with the division expected to make further progress in 2008.

Given the strength of margin performance in 2007, the margin target range for Earth and Environmental in 2008 was increased to 8-9 per cent in December 2007, up from the 6-8 per cent range set in December 2006. The division is targeting an EBITA margin of 9-10 per cent in 2010.

Investments and other activities

The Investments and other activities division includes past activities in Rail (now sold), Hong Kong (now substantially reduced), US Construction Management (all projects now completed) and a plant hire business (sold in February 2008), together with two ongoing PPP activities in Korea and the UK. It also now includes the Wind Developments business (formerly reported in the Power and Process division).

£ million	2007	2006	change
Revenue	64.4	125.7	-49%
EBITA	(11.0)	8.5	nm

nm: not meaningful

Revenues in this division declined by 49 per cent to £64.4 million (2006: £125.7 million) reflecting the lower level of activities following business disposals. 2007 revenues primarily reflected the last remaining construction management project in the US, successfully completed in the latter part of the year.

The loss of £11.0 million in 2007 stems largely from the costs of developing the group's Wind Developments portfolio, where a loss of £6.7 million was reported (2006: £4.3 million loss) and the result of a realignment of profit-take policies for the retained PPP portfolio.

Investments and other activities outlook

The Wind Developments business is expected to make progress in 2008, but will continue to incur costs of progressing development opportunities. The UK PPP project is fully operational and AMEC will be working to optimise the value of this investment during 2008. AMEC is a shareholder and project manager of the Incheon Bridge project in Korea, which is scheduled to open in late 2009.

The overall outcome for the division in 2008 is expected to be a small loss, assuming that the Edinbane wind development is built-out.

Performance improvement

STEP Change

STEP Change, a programme of change in the structure and culture of the company, was completed ahead of schedule in September 2007 and exceeded original expectations. Savings of £11 million were delivered in 2007, and with further incremental savings of at least £29 million in 2008, recurring net benefits of £40 million per annum are expected, compared with the 2006 baseline.

The total cash cost of the programme in 2007 was £12 million, compared with the original estimate of £18 million.

Operational Excellence

Following the successful completion of STEP Change, AMEC is proceeding with Operational Excellence, a 2-3 year programme to radically improve the group's operating performance.

Through Operational Excellence, AMEC intends to improve the quality of the business portfolio and service delivery to customers, and to simplify and optimise internal controls and processes.

Operational Excellence will be a major contributor to AMEC delivering its target EBITA margin of eight per cent in 2010. Target margins for 2008 and 2010 are summarised below:

	Actual EBITA margin	EBITA margin target range	
	2007	2008	2010
Natural Resources ¹	9.4%	9 - 10%	10 - 11%
Power and Process ¹	4.3% ²	5 - 6 %	6 - 7 %
Earth and Environmental ¹	7.4%	8 - 9 %	9 - 10%
Group margin³	5.1%²	6 %	8 %

1 Profit for continuing operations, before corporate costs and net financing income/(costs), exceptional items, intangible amortisation and joint venture tax, but including joint venture profit before tax, as a percentage of revenues.

2 Before one-off costs of STEP Change.

3 EBITA margin after corporate costs.

Operational Excellence is expected to incur costs of up to £10 million in 2008. Further costs, both revenue and capital expenditure, are expected in 2009.

Financial review

Geographical analysis

Some 60 per cent of 2007 revenues were generated outside the UK, with the group's largest overseas market being Canada, driven by Minerals and Metals Mining and Oil Sands.

The board's expectations for 2008 reflect current sterling rates of exchange with principal currencies, being Canadian dollars and US dollars.

Administrative expenses

Administrative expenses increased by £32.0 million to £203.7 million (2006: £171.7 million). During 2007, there was an increased charge for share-based payments, together with a reduction in sales generated by activities which have now ceased and where overheads were minimal in both 2006 and 2007 (US Construction Management and Oil and Gas lump-sum fabrication). After taking these factors into account, administration costs declined to 8.9 per cent of revenue in 2007 from 9.4 per cent in 2006.

Corporate costs, which represent the costs of operating the head office of AMEC and certain regional overheads, were £36.5 million (2006: £21.4 million). Costs for 2007 included increased year on year share-based payment charges (£6 million), and one-off costs of STEP Change (£5 million). Corporate costs for 2008, including share-based payments, are expected to be c.£30 million. This includes some costs previously reflected within the operating divisions.

Net financing income/costs

The group's net cash balances have increased throughout 2007 upon the divestment of non-core and specialist businesses, with the weekly average level of net cash being £435 million (1 August – 31 December 2006: £190 million). Consequently, the net financing income for the year increased by £25.4 million to £18.4 million (2006: charge £7.0 million).

As previously disclosed, net financing income in 2008 will benefit from the expected increase in average net cash for the year.

Taxation

The group's effective tax rate in 2007 for the continuing businesses, before exceptional items and including tax attributable to joint venture interests, was 25.4 per cent (2006: 30.0 per cent). After excluding intangible amortisation, the tax rate was 25.4 per cent (2006: 28.6 per cent). The reduction in the overall tax rate is due to the use of overseas tax losses, and the recognition of a deferred tax asset in respect of overseas tax losses and short term timing differences on provisions which are now expected to generate a current tax benefit in future periods.

The underlying tax rate in 2008 is expected to be c.34 per cent. This would reduce to c.31 per cent if the group is able to make use of tax attributes brought forward which have not been reflected within the deferred tax asset.

A total net tax credit of £0.8 million (2006: credit of £7.3 million) is attributable to total exceptional income of £28.2 million (2006: charges of £102.8 million) in respect of continuing activities. There are two parts to this net credit. The first is the net £1.0 million tax credit on exceptional profits from litigation and separation costs of £4.5 million. This arises on the recognition of a deferred tax asset in respect of short-term timing differences on US provisions, which are expected to generate a current tax benefit in future periods. The second is a £0.2 million tax charge on exceptional profits of £23.7 million on exiting businesses and markets. This is low due to the benefit of capital losses and tax exemptions on the sale of trading companies.

Cash flow and current liquidity

At 31 December 2007, AMEC had net cash of £733.2 million (2006: £354.9 million, excluding amounts held for sale). The group focuses on the weekly average level of net cash throughout the year, with the increase in 2007, as referred to above, reflecting business divestments, strength of trading and ongoing good cash management.

During 2008, the directors expect weekly average net cash to be around £600 million (2007: £435 million), before the impact of the share buy back programme and acquisitions. Around £100 million is expected to be spent on acquisitions in the first half of 2008.

Following completion of the divestment programme, the profit conversion metric for the group has been rebased to reflect continuing operations from 1 January 2007. Cash flow from operations for the continuing businesses of £140.1 million in 2007 was 23 per cent ahead of profit before net financing income (before gain on disposals for continuing businesses, £17.7 million) of £114.3 million.

Share buy backs

In 2008, the group may continue the share buy-back programme, of up to £80 million, on an opportunistic basis.

Pensions

The IAS19 pre-tax surplus of the principal UK pension schemes at the end of 2007 of £248.0 million was higher than in 2006 (£105.6 million), reflecting additional contributions made by the company, the curtailment gain on disposals and actuarial gains in the year.

During the year, the trustees reduced the schemes' level of equity investments from c.50 per cent to c.35 per cent, in favour of bonds. This change will reduce the expected investment return on the assets in the principal UK pension schemes in 2008.

Since the year-end, equity markets have fallen. The board estimates that as at January 2008, this would have resulted in the pre-tax surplus of the schemes declining by c.£50 million under an IAS 19 valuation.

Recent guidance from the Pensions Regulator regarding longevity statistics suggests that further strengthening of mortality assumptions may be appropriate, and specifically alludes to the adoption of the 'long-cohort' rate of improvement as a benchmark for occupational scheme mortality going forward. The mortality experience of the AMEC schemes will be reviewed in detail at the next actuarial valuation, due as at 1 April 2008. A move to long-cohort assumptions would reduce the current funding surplus (pre-tax) by c.£60 million or approximately five per cent of liabilities. Even after taking into account both the recent fall in equity markets and the potential move to long-cohort assumptions, the schemes would remain in a strong position.

The surplus has been presented net of deferred tax on the balance sheet in 2007, following a review of the basis of recoverability.

Provisions

Provisions held at 31 December 2007 were £199.4 million (31 December 2006: £173.8 million). The increase during 2007 reflects the net impact of the sale of Built Environment businesses, offset by settlement of litigation issues. Provisions are analysed as follows:

As at 31 December 2007	£ million
Litigation provisions	(71.5)
Indemnities granted to buyers/ retained obligations on disposed businesses	(78.9)
Insurance and other	(49.0)
Total	(199.4)

An outflow of £30-40 million is expected in each of 2008 and 2009. Further outflows can be expected over the longer term.

Intangible amortisation and exceptional items

Intangible amortisation relates to capitalised software and intangible assets acquired as part of the acquisitions of NNC and Paragon in 2005. The 2007 charge of £2.5 million is £1.1 million lower than in 2006, with the reduction being due to the timing of the write-off of certain assets related to the acquisition of Paragon.

Divestment of the group's four Built Environment businesses was successfully completed during the fourth quarter of 2007. This, combined with the profit on disposal of peripheral businesses in the first half of the year, resulted in an aggregate post-tax exceptional gain of £243.3 million, slightly above the board's expectations.

During 2007, AMEC has made good progress in settling legacy disputes, where reasonable to do so. In its 2006 accounts, AMEC noted six major contingent liabilities. The following significant progress has been made:

- Settlement reached on the Jordan Magnesia Company Ltd. (Jordan), and Thelwall Viaduct (UK) disputes during the first half of 2007. Settlement was within the provisions previously made
- Settlement on the San Francisco Jail case agreed, subject to documentation, and within the provisions previously made
- Major issues resolved on the Florida project (US)
- There have been a number of court hearings on the Courthouses (US) dispute but there remains no immediate conclusion to this long-running case
- As previously indicated, the World Trade Center (US) remains a contingent liability

No new significant contingent liabilities were added in 2007.

Provisions currently held for future costs of litigation total £71.5 million (2006: £85.3 million). Given the progress made, the board's confidence has increased in the overall level of provisioning for these items. A net pre-tax exceptional release of £13.3 million has been made during the year in respect of exceptional items arising from litigation issues.

CONSOLIDATED INCOME STATEMENT

2007

	Note	Before exceptional items £ million	Exceptional items arising from litigation (note 4) £ million	Exceptional profits/(costs) of exiting businesses and markets (note 4) £ million	Total £ million
Continuing operations					
Revenue	2	2,356.2	-	-	2,356.2
Cost of sales		(2,048.7)	10.2	0.5	(2,038.0)
Gross profit		307.5	10.2	0.5	318.2
Administrative expenses		(203.7)	-	-	(203.7)
(Loss)/profit on business disposals and closures		-	(5.7)	23.2	17.5
Profit before net financing income	2	103.8	4.5	23.7	132.0
Financial income		22.1	-	-	22.1
Financial expense		(3.7)	-	-	(3.7)
Net financing income		18.4	-	-	18.4
Share of post-tax results of joint ventures and associates		1.2	-	-	1.2
Profit before income tax		123.4	4.5	23.7	151.6
Income tax	5	(30.9)	1.0	(0.2)	(30.1)
Profit for the year from continuing operations		92.5	5.5	23.5	121.5
(Loss)/profit for the year from discontinued operations	6	(4.7)	5.1	222.5	222.9
Profit for the year		87.8	10.6	246.0	344.4
Attributable to:					
Equity holders of the company					344.3
Minority interests					0.1
					344.4
Basic earnings per share:					
Continuing operations	7				36.9p
Discontinued operations					67.8p
					104.7p
Diluted earnings per share:					
Continuing operations	7				36.1p
Discontinued operations					66.2p
					102.3p
Dividends per share:	8				13.4p

CONSOLIDATED INCOME STATEMENT

2006

	Note	Before exceptional items (restated) £ million	Exceptional items arising from litigation and separation costs (note 4) (restated) £ million	Exceptional profits/(costs) of exiting businesses and markets (note 4) (restated) £ million	Total (restated) £ million
Continuing operations					
Revenue	2	2,121.6	-	-	2,121.6
Cost of sales		(1,867.0)	(17.6)	(4.3)	(1,888.9)
Gross profit/(loss)		254.6	(17.6)	(4.3)	232.7
Administrative expenses		(171.7)	-	-	(171.7)
Loss on business disposals and closures		-	(39.1)	(41.8)	(80.9)
Profit/(loss) before net financing costs	2	82.9	(56.7)	(46.1)	(19.9)
Financial income		9.3	-	-	9.3
Financial expense		(16.3)	-	-	(16.3)
Net financing costs		(7.0)	-	-	(7.0)
Share of post-tax results of joint ventures and associates		(0.1)	-	-	(0.1)
Profit/(loss) before income tax		75.8	(56.7)	(46.1)	(27.0)
Income tax	5	(22.5)	4.9	2.4	(15.2)
Profit/(loss) for the year from continuing operations		53.3	(51.8)	(43.7)	(42.2)
Profit/(loss) for the year from discontinued operations	6	0.5	(16.4)	277.3	261.4
Profit/(loss) for the year		53.8	(68.2)	233.6	219.2
Attributable to:					
Equity holders of the company					218.1
Minority interests					1.1
					219.2
Basic (loss)/earnings per share:					
Continuing operations	7				(13.3)p
Discontinued operations					80.2 p
					66.9 p
Diluted (loss)/earnings per share:					
Continuing operations	7				(13.3)p
Discontinued operations					80.2 p
					66.9 p
Dividends per share:	8				12.2 p

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Note	2007 £ million	2006 £ million
Exchange movements on translation of foreign subsidiaries		32.3	(37.4)
Actuarial gains on defined benefit pension schemes		86.1	2.9
Group share of actuarial gains on defined benefit pension scheme within associate (net of tax)		-	1.8
Net (loss)/gain on hedges of net investment in foreign subsidiaries		(8.6)	16.4
Cash flow hedges:			
Effective portion of changes in fair value		1.8	12.5
Transferred to the income statement		(2.1)	-
Group share of changes in fair value of cash flow hedges within joint venture entities (net of tax)		2.4	5.0
Tax in respect of items recognised directly in equity		<u>(21.9)</u>	<u>(6.5)</u>
Net income/(expense) recognised directly in equity		90.0	(5.3)
Profit for the year		<u>344.4</u>	<u>219.2</u>
Total recognised income and expense for the year		<u>434.4</u>	<u>213.9</u>
Attributable to:			
Equity holders of the company	9	434.3	211.3
Minority interests		<u>0.1</u>	<u>2.6</u>
Total recognised income and expense for the year		<u>434.4</u>	<u>213.9</u>

CONSOLIDATED BALANCE SHEET

	Note	31 December 2007 £ million	31 December 2006 £ million
ASSETS			
Non-current assets			
Property, plant and equipment		57.6	73.3
Intangible assets		223.8	197.6
Interests in joint ventures and associates		22.7	85.2
Other investments		0.8	0.9
Retirement benefit assets		161.3	105.6
Deferred tax assets		58.9	16.4
Total non-current assets		525.1	479.0
Current assets			
Inventories		6.1	47.7
Trade and other receivables		529.4	806.3
Derivative financial instruments		3.1	9.0
Cash and cash equivalents		734.1	375.4
Assets classified as held for sale		19.0	107.1
Total current assets		1,291.7	1,345.5
Total assets		1,816.8	1,824.5
LIABILITIES			
Current liabilities			
Bank loans and overdrafts		(0.8)	(13.6)
Trade and other payables		(641.5)	(1,021.4)
Derivative financial instruments		(5.3)	(1.9)
Current tax payable		(59.6)	(19.3)
Liabilities classified as held for sale		(5.4)	(69.5)
Total current liabilities		(712.6)	(1,125.7)
Non-current liabilities			
Bank loans		(0.1)	(6.9)
Retirement benefit liabilities		(11.3)	(13.0)
Deferred tax liabilities		-	(10.3)
Provisions		(199.4)	(173.8)
Total non-current liabilities		(210.8)	(204.0)
Total liabilities		(923.4)	(1,329.7)
Net assets	2	893.4	494.8
EQUITY			
Share capital		168.7	166.8
Share premium account		99.5	90.7
Hedging and translation reserves		16.8	(20.5)
Capital redemption reserve		17.2	17.2
Retained earnings		590.4	238.9
Amounts recognised in equity relating to assets and liabilities held for sale		-	0.9
Total equity attributable to equity holders of parent	9	892.6	494.0
Minority interests		0.8	0.8
Total equity		893.4	494.8

CONSOLIDATED CASH FLOW STATEMENT

	Note	2007 £ million	2006 £ million
Cash flow from operating activities			
Profit/(loss) before income tax from continuing operations		151.6	(27.0)
Profit before income tax from discontinued operations	6	<u>290.7</u>	<u>241.3</u>
Profit before income tax		442.3	214.3
Financial income		(24.2)	(18.5)
Financial expense		4.2	28.3
Share of post-tax results of joint ventures and associates		(6.0)	(11.7)
Intangible amortisation		2.5	6.2
Depreciation		21.7	35.1
Impairment of non-current assets		-	7.1
Profit on disposal of businesses		(310.1)	(301.8)
Profit on disposal of property, plant and equipment		(2.3)	(1.6)
Equity settled share-based payments		<u>5.3</u>	<u>(2.3)</u>
		133.4	(44.9)
Decrease in inventories		7.4	12.7
Decrease in trade and other receivables		36.1	112.3
(Decrease)/increase in trade and other payables and provisions		<u>(36.7)</u>	<u>21.6</u>
Cash generated from operations		140.2	101.7
Interest paid		(4.2)	(36.8)
Tax(paid)/refunds received		<u>(38.0)</u>	<u>9.5</u>
Net cash flow from operating activities		<u>98.0</u>	<u>74.4</u>
Cash flow from investing activities			
Acquisition of subsidiaries, net of cash acquired		(12.7)	(15.0)
Acquisition of joint ventures, associates and other investments		(6.0)	(23.5)
Purchase of property, plant and equipment		(18.4)	(38.2)
Purchase of intangible assets		(0.2)	(0.6)
Disposal of businesses (net of cash disposed of)		263.1	627.4
Disposal of joint ventures, associates and other investments		19.2	27.2
Disposal of property, plant and equipment		9.7	26.5
Interest received		22.7	19.0
Dividends received from joint ventures and associates		<u>2.0</u>	<u>3.2</u>
Net cash flow from investing activities		<u>279.4</u>	<u>626.0</u>
Net cash flow before financing activities		<u>377.4</u>	<u>700.4</u>
Cash flow from financing activities			
Repayment of loans		(4.3)	(549.9)
Dividends paid		(39.8)	(37.5)
Proceeds from shares issued		10.7	1.6
Acquisition of treasury shares		(21.5)	-
Disposal of shares by trustees of the Performance Share Plan 2002		<u>0.3</u>	<u>2.2</u>
Net cash flow from financing activities		<u>(54.6)</u>	<u>(583.6)</u>
Increase in cash and cash equivalents		322.8	116.8
Cash and cash equivalents as at the beginning of the year	10	406.4	332.7
Exchange gains/(losses) on cash and cash equivalents		4.2	(12.8)
Cash of former subsidiary equity accounted from the beginning of the year		<u>-</u>	<u>(30.3)</u>
Cash and cash equivalents as at the end of the year	10	<u>733.4</u>	<u>406.4</u>

Cash and cash equivalents consist of:

Cash at bank and in hand		720.4	336.2
Short-term investments		13.7	39.2
		734.1	375.4
Overdrafts		(0.7)	(1.2)
		733.4	374.2
Cash and cash equivalents (including overdrafts) classified as held for sale		-	32.2
Cash and cash equivalents	10	733.4	406.4

NOTES**1. BASIS OF PREPARATION**

In accordance with EU law (IAS Regulation EC 1606/2002), the preliminary results have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted for use in the EU as at 31 December 2007 ("adopted IFRS"), International Financial Reporting Interpretations Committee ("IFRIC") interpretations and those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

IFRS 7 "Financial instruments: disclosure" was adopted during the year. As the standard is concerned only with disclosure, its adoption had no impact on either the balance sheet or the income statement.

During 2006 IFRIC 12 on service concession arrangements was issued. This interpretation is effective from 1 January 2008, but has yet to be adopted for use in the EU. In view of this, the directors consider that it remains appropriate to apply the approach set out in Application 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.

During 2007 IFRIC 14 on defined benefit pension scheme assets was issued. This interpretation is effective from 1 January 2008, but has yet to be adopted for use in the EU. In view of this it has not been applied by the group in the consolidated accounts. On adoption this is not expected to have an impact on the group's consolidated accounts as, following a review of the basis of recoverability, the surplus has been recognised net of deferred tax on the balance sheet in 2007.

During 2006 IFRIC 11 on group and treasury share transactions was issued. This interpretation is effective for the group's 2008 accounts and is not expected to have a material impact on the group's consolidated accounts.

During 2006 IFRS 8 on segment reporting was issued and is effective from 1 January 2009. IFRS 8 will require disclosure of segment information based on internal management information.

The financial information for the years ended 31 December 2007 and 2006 set out above does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985 ("the Act"). Statutory accounts for the year ended 31 December 2006, which were prepared under IFRS, have been delivered to the Registrar of Companies. The accounts for the year ended 31 December 2007 will be delivered to the Registrar of Companies following the Annual General Meeting. The company's auditors, KPMG Audit Plc, have reported on the 2007 and 2006 accounts under section 235(1) of the Act. These reports were not qualified within the meaning of section 235(2) of the Act and did not contain statements made under section 237(2) and section 237(3) of the Act.

The annual report and accounts for the year ended 31 December 2007 will be posted to shareholders on 11 April 2008.

The results for 2007 were approved by the board of directors on 11 March 2008 and are audited.

The Annual General Meeting will take place on 14 May 2008.

The final dividend will be payable on 1 July 2008 to shareholders on the register at the close of business on 23 May 2008.

Interim and preliminary announcements notified to the London Stock Exchange are available on the internet at www.amec.com.

2. ANALYSIS OF REVENUE, PROFIT/(LOSS) BEFORE FINANCING INCOME/(COSTS) AND NET ASSETS/(LIABILITIES)

The segmental review on pages 4 to 10 is based on the reported results before intangible amortisation and exceptional items but including joint venture profit before tax. The results as presented in the segmental review are reconciled to those presented in the following tables on pages 23 to 24.

	Revenue		Profit/(loss) before net financing income/(costs)	
	2007 £ million	2006 £ million	2007 £ million	2006 £ million
Class of business:				
Natural Resources	1,014.8	920.9	93.7	48.9
Power and Process	1,009.1	794.7	48.4	3.0
Earth and Environmental	288.4	304.4	20.9	17.2
Investments and other activities	64.4	125.7	5.5	(67.6)
	2,376.7	2,145.7	168.5	1.5
Internal revenue	(20.5)	(24.1)	-	-
Corporate costs	-	-	(36.5)	(21.4)
	2,356.2	2,121.6	132.0	(19.9)
Geographical origin:				
United Kingdom	950.5	844.5	70.0	28.4
Rest of Europe	88.6	55.4	6.4	7.6
Americas	1,180.9	1,018.6	89.3	(33.4)
Rest of the world	136.2	203.1	2.8	(1.1)
	2,356.2	2,121.6	168.5	1.5
Corporate costs	-	-	(36.5)	(21.4)
	2,356.2	2,121.6	132.0	(19.9)
			Net assets/(liabilities)	
			2007	2006
			£ million	£ million
Class of business:				
Natural Resources			29.8	74.0
Power and Process			(51.5)	(50.2)
Earth and Environmental			34.5	19.6
Investments and other activities			(207.3)	(130.5)
Discontinued operations			-	(122.7)
			(194.5)	(209.8)
Goodwill			215.4	187.9
Interests in joint ventures and associates			22.7	85.2
Net cash			733.2	354.9
Unallocated net assets			103.0	39.0
Assets and liabilities classified as held for sale			13.6	37.6
			893.4	494.8
Geographical origin:				
United Kingdom			(124.2)	(69.9)
Rest of Europe			(56.1)	(58.9)
Americas			195.9	183.6
Rest of the world			5.3	46.0
Discontinued operations			-	(122.7)
			20.9	(21.9)
Interests in joint ventures and associates			22.7	85.2
Net cash			733.2	354.9
Unallocated net assets			103.0	39.0
Assets and liabilities classified as held for sale			13.6	37.6
			893.4	494.8

3. PROFIT AND NET ASSETS RECONCILIATIONS

RECONCILIATION OF ADJUSTED PROFIT BEFORE TAX

	Year ended 31 December 2007					
	Adjusted profit before tax £ million	Exceptional items £ million	Intangible amortisation £ million	Pre-tax results of joint ventures and associates £ million	Tax on results of joint ventures and associates £ million	Profit before tax £ million
Natural Resources	95.5	-	(0.6)	(1.2)	-	93.7
Power and Process	38.9	11.5	(1.5)	(0.5)	-	48.4
Earth and Environmental	21.2	-	(0.3)	-	-	20.9
Investments and other activities	(11.0)	16.7	(0.1)	(0.1)	-	5.5
	<u>144.6</u>	<u>28.2</u>	<u>(2.5)</u>	<u>(1.8)</u>	<u>-</u>	<u>168.5</u>
Corporate costs	(36.5)	-	-	-	-	(36.5)
Profit/(loss) before net financing income	108.1	28.2	(2.5)	(1.8)	-	132.0
Net financing income	18.4	-	-	-	-	18.4
Share of post-tax results of joint ventures and associates	-	-	-	1.8	(0.6)	1.2
	<u>126.5</u>	<u>28.2</u>	<u>(2.5)</u>	<u>-</u>	<u>(0.6)</u>	<u>151.6</u>

	Year ended 31 December 2006					
	Adjusted profit before tax £ million	Exceptional items £ million	Intangible amortisation £ million	Pre-tax results of joint ventures and associates £ million	Tax on results of joint ventures and associates £ million	Profit before tax £ million
Natural Resources	59.1	(7.8)	(1.8)	(0.6)	-	48.9
Power and Process	22.8	(17.6)	(1.0)	(1.2)	-	3.0
Earth and Environmental	17.7	-	(0.5)	-	-	17.2
Investments and other activities	8.5	(77.4)	(0.3)	1.6	-	(67.6)
	<u>108.1</u>	<u>(102.8)</u>	<u>(3.6)</u>	<u>(0.2)</u>	<u>-</u>	<u>1.5</u>
Corporate costs	(21.4)	-	-	-	-	(21.4)
Profit/(loss) before net financing costs	86.7	(102.8)	(3.6)	(0.2)	-	(19.9)
Net financing costs	(7.0)	-	-	-	-	(7.0)
Share of post-tax results of joint ventures and associates	-	-	-	0.2	(0.3)	(0.1)
	<u>79.7</u>	<u>(102.8)</u>	<u>(3.6)</u>	<u>-</u>	<u>(0.3)</u>	<u>(27.0)</u>

3. PROFIT AND NET ASSETS RECONCILIATIONS continued

RECONCILIATION OF ADJUSTED NET ASSETS

	31 December 2007			
	Adjusted net assets/ (liabilities) £ million	Interests in joint ventures and associates £ million	Intangible assets £ million	Net assets/ (liabilities) £ million
Natural Resources	28.8	0.2	0.8	29.8
Power and Process	(57.0)	(0.6)	6.1	(51.5)
Earth and Environmental	33.2	(0.2)	1.5	34.5
Investments and other activities	(185.2)	(22.1)	-	(207.3)
	(180.2)	(22.7)	8.4	(194.5)
Goodwill	215.4	-	-	215.4
Intangible assets	8.4	-	(8.4)	-
Interests in joint ventures and associates	-	22.7	-	22.7
Net cash	733.2	-	-	733.2
Unallocated net assets	103.0	-	-	103.0
Assets and liabilities classified as held for sale	13.6	-	-	13.6
	893.4	-	-	893.4

	31 December 2006			
	Adjusted net assets/ (liabilities) £ million	Interests in joint ventures and associates £ million	Intangible assets £ million	Net assets/ (liabilities) £ million
Natural Resources	71.3	0.6	2.1	74.0
Power and Process	(55.4)	(1.1)	6.3	(50.2)
Earth and Environmental	19.0	(0.2)	0.8	19.6
Investments and other activities	(109.2)	(21.8)	0.5	(130.5)
Discontinued operations	(60.0)	(62.7)	-	(122.7)
	(134.3)	(85.2)	9.7	(209.8)
Goodwill	187.9	-	-	187.9
Intangible assets	9.7	-	(9.7)	-
Interests in joint ventures and associates	-	85.2	-	85.2
Net cash	354.9	-	-	354.9
Unallocated net assets	39.0	-	-	39.0
Assets and liabilities classified as held for sale	37.6	-	-	37.6
	494.8	-	-	494.8

4. EXCEPTIONAL ITEMS

	2007 £ million	2006 £ million
Natural Resources	-	(7.8)
Power and Process	11.5	(17.6)
Investments and other activities	16.7	(77.4)
Exceptional items of continuing operations	28.2	(102.8)
Taxation on exceptional items of continuing operations	0.8	7.3
Exceptional items of discontinued operations (post tax)	227.6	260.9
Post-tax exceptional profits	256.6	165.4

Exceptional items are further analysed as follows:

	2007			2006		
	Gain on disposals £ million	Other exceptional items £ million	Total £ million	Gain/on disposals £ million	Other exceptional items £ million	Total £ million
Continuing operations	17.7	10.5	28.2	-	(102.8)	(102.8)
Discontinued operations	292.4	2.8	295.2	301.8	(67.1)	234.7
Profit before tax	310.1	13.3	323.4	301.8	(169.9)	131.9
Tax	(66.8)	-	(66.8)	9.7	23.8	33.5
Profit after tax	243.3	13.3	256.6	311.5	(146.1)	165.4

The gain on disposals during the year reflects the profit on disposal of the Built Environment businesses and other peripheral businesses.

Other exceptional items comprise provision releases of £30.9 million in relation to the settlement of several outstanding matters on projects including Jormag, Thelwall and several other construction related projects. In addition provisions were increased by £17.6 million to reflect developments on three US and one UK construction projects.

5. INCOME TAX

Income tax on the profit from continuing operations before exceptional items and intangible amortisation for the year is based on an effective rate of 25.4% (2006: 28.6%).

6. PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS

The Built Environment businesses have been reclassified as discontinued operations in 2007. Other discontinued activities in 2007 include pipelines construction. In 2006, AMEC SPIE and pipelines construction were treated as discontinued operations. In accordance with IFRS 5, the post tax results of discontinued operations are disclosed separately in the consolidated income statement, with the 2006 consolidated income statement being restated for the same presentation. The results of the discontinued operations were as follows:

	2007 £ million	2006 £ million
Revenue	710.7	2,431.6
Cost of sales and net operating expenses	(715.2)	(2,422.4)
Intangible amortisation	(4.5)	9.2
(Loss)/profit before exceptional items and income tax	-	(2.6)
Attributable tax	(4.5)	6.6
Exceptional items	(0.2)	(6.1)
Attributable tax on exceptional items	(4.7)	0.5
Profit on disposal	2.8	(67.1)
Attributable tax on profit on disposal	(0.9)	16.5
Profit for the year from discontinued operations	292.4	301.8
	(66.7)	9.7
	222.9	261.4

7. EARNINGS PER SHARE

Total basic earnings per share is 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 2002, those held by the qualifying employee share ownership trust and those held in treasury by the company.

	2007		
	Earnings £ million	Weighted average shares number million	Earnings per share pence
Basic earnings from continuing operations	121.4	328.7	36.9
Share options	-	2.5	(0.2)
Employee share and incentive schemes	-	5.3	(0.6)
Diluted earnings from continuing operations	121.4	336.5	36.1
Basic earnings from discontinued operations	222.9	328.7	67.8
Share options	-	2.5	(0.5)
Employee share and incentive schemes	-	5.3	(1.1)
Diluted earnings from discontinued operations	222.9	336.5	66.2
			2006
	(Loss)/ earnings £ million	Weighted average shares number million	(Loss)/ earnings per share pence
Basic and diluted loss from continuing operations	<u>(43.3)</u>	<u>325.9</u>	<u>(13.3)</u>
Basic and diluted earnings from discontinued operations	<u>261.4</u>	<u>325.9</u>	<u>80.2</u>

Loss per share from continuing operations for 2006 was calculated on a loss of £43.3 million, as a result there are no dilutive ordinary shares.

Basic and diluted earnings/(losses) from continuing operations are calculated as set out below:

	2007 £ million	2006 £ million
Profit/(loss) for the year from continuing operations	121.5	(42.2)
Profit attributable to minority interests	(0.1)	(1.1)
Basic and diluted profit/(loss) from continuing operations	121.4	(43.3)

7. EARNINGS PER SHARE continued

In order to appreciate the effects of exceptional items and intangible amortisation on the reported performance, additional calculations of earnings/(loss) per share from continuing operations are presented.

	2007		
	Earnings £ million	Weighted average shares number million	Earnings per share pence
Basic earnings from continuing operations	121.4	328.7	36.9
Exceptional items	(29.0)	-	(8.8)
Intangible amortisation (net of tax)	1.9	-	0.6
Basic earnings from continuing operations before exceptional items and intangible amortisation	94.3	328.7	28.7
Share options	-	2.5	(0.2)
Employee share and incentive schemes	-	5.3	(0.5)
Diluted earnings from continuing operations before exceptional items and intangible amortisation	94.3	336.5	28.0
			2006
	(Loss) /earnings £ million	Weighted average shares number million	(Loss) /earnings per share pence
Basic loss from continuing operations	(43.3)	325.9	(13.3)
Exceptional items	95.5	-	29.3
Intangible amortisation	3.6	-	1.1
Basic earnings from continuing operations before exceptional items and intangible amortisation	55.8	325.9	17.1
Share options	-	4.1	(0.2)
Employee share and incentive schemes	-	6.1	(0.3)
Diluted earnings from continuing operations before exceptional items and intangible amortisation	55.8	336.1	16.6

8. DIVIDENDS

Dividends

	Pence	2007 £ million	Pence	2006 £ million
Dividends paid				
Interim dividend in respect of 2006 (2006: interim dividend in respect of 2005)	4.2	13.6	4.0	13.0
Final dividend in respect of 2006 (2006: final dividend in respect of 2005)	8.0	26.2	7.5	24.5
	12.2	39.8	11.5	37.5

8. DIVIDENDS (continued)

	Pence	2007 £ million	Pence	2006 £ million
Dividends charged to reserves				
Final dividend in respect of 2006 (2006: final dividend in respect of 2005)	8.0	26.2	7.5	24.5
Interim dividend in respect of 2007 (2006: interim dividend in respect of 2006)	4.6	15.1	4.2	13.8
	<u>12.6</u>	<u>41.3</u>	<u>11.7</u>	<u>38.3</u>

After the balance sheet date the directors proposed a final dividend in respect of the year ended 31 December 2007 of 8.8 pence per share payable on 1 July 2008 to equity holders on the register at the close of business on 23 May 2008. This dividend has not been provided for and there are no income tax consequences for the company.

9. RECONCILIATION OF MOVEMENTS IN EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

	2007 £ million	2006 £ million
Total recognised income and expense	434.3	211.3
Dividends	(41.3)	(38.3)
Shares issued	10.7	1.6
Equity settled share-based payments	5.3	(2.3)
Disposal of shares by trustees of the Performance Share plan 2002	0.3	2.2
Acquisition of treasury shares	(21.5)	-
Recognised in profit on disposal	10.8	(3.1)
Net increase in total equity	398.6	171.4
Equity as at beginning of the year	494.0	322.6
Total equity attributable to equity holders of the parent as at end of the year	<u>892.6</u>	<u>494.0</u>

The equity attributable to minority interests is £0.8 million (2006: £0.8 million).

10. ANALYSIS OF NET CASH

	2007 £ million	2006 £ million
Cash at bank and in hand	720.4	336.2
Short-term investments	13.7	39.2
Cash and cash equivalents disclosed on the balance sheet	734.1	375.4
Overdrafts	(0.7)	(1.2)
Cash and cash equivalents (including overdrafts) classified as held for sale	733.4	374.2
	-	32.2
Total cash and cash equivalents	733.4	406.4
Current debt	(0.1)	(12.4)
Non-current debt	(0.1)	(6.9)
Net cash as at the end of the year	<u>733.2</u>	<u>387.1</u>

Net cash is analysed between the amount disclosed in the balance sheet and amounts classified as held for sale as follows:

	2007 £ million	2006 £ million
Net cash disclosed on the balance sheet	733.2	354.9
Net cash classified as held for sale	-	32.2
Total net cash as at the end of the year	<u>733.2</u>	<u>387.1</u>