



## AMEC plc INTERIM RESULTS 2008 RECORD RESULTS AND CASH POSITION

- Record trading performance with continuing strength in energy end markets
- Adjusted pre-tax profit<sup>1</sup> £90.4 million, up 87%
- 6.0% EBITA margin<sup>2</sup> (2007: 3.8%); on track to deliver recently upgraded 6.5% margin in 2008
- 2010 group EBITA margin<sup>2</sup> target raised to 8.5%
- Diluted earnings per share<sup>3</sup> from continuing operations 18.8 pence, up 84%
- Interim dividend increased 15% to 5.3 pence per share
- Seven acquisitions announced in the year to date; total cash consideration £121 million
- Record average weekly net cash for 2008: expected to remain in excess of £600 million after year to date acquisitions and year to date share buybacks

### Chief Executive Samir Brikho said:

“These record results further demonstrate the strength of our businesses and the speed with which AMEC is improving its performance. With Natural Resources having already achieved a 10 per cent margin and our other core businesses expected to make strong progress in 2008, we have raised our group margin target for 2010 from eight to 8.5 per cent.

“Our average net cash position has never been stronger, and is expected to stand at over £600 million for the year. The strength of our balance sheet in the current credit crisis, coupled with the attractiveness of the end markets we serve, confirms our confidence in the future.”

### Results interview, presentation and live webcast

An interview with Samir Brikho is available at [www.amec.com](http://www.amec.com).

A presentation of the interim results for analysts and investors will take place at 8.30am today. A live webcast of the event and the presentation slides will be available on [www.amec.com](http://www.amec.com).

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## Financial highlights:

Six months ended 30 June	2008	2007	
	£ million	£ million	
<b>Continuing operations:</b>			
Revenue	1,255.2	1,152.9	+9%
Profit before intangible amortisation, exceptional items and income tax <sup>1</sup>	90.4	48.4	+87%
Profit before income tax	92.3	66.9	+38%
Profit from discontinued operations	1.6	1.4	+14%
Diluted earnings per share from continuing operations before intangible amortisation and exceptional items	18.8p	10.2p	+84%
Diluted earnings per share from continuing operations	20.1p	14.7p	+37%
Dividends per share	5.3p	4.6p	+15%

1 For continuing operations before intangible amortisation of £2.6 million (2007: £1.2 million) and pre-tax exceptional income of £4.7 million (2007: £19.9 million) but including joint venture profit before tax of £0.6 million (2007: £0.9 million).

2 For continuing operations before net financing income, intangible amortisation, pre-tax exceptional items, but including joint venture profit before tax, as a percentage of revenue.

3 For continuing operations before intangible amortisation and exceptional items.

## Forward looking statements

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.

## INTERIM RESULTS

Revenues across the group's three core divisions for the six months ended 30 June 2008 increased by 11 per cent, with good growth in each of the divisions. Total group revenues increased by nine per cent to £1,255 million (2007: £1,153 million).

Pre-tax profit before intangible amortisation and exceptional items from continuing operations of £90.4 million was 87 per cent ahead of last year (2007: £48.4 million) and sets a new record for the group. Performance was strong in each of the group's three core divisions. Results benefited primarily from £30 million incremental net benefits arising from improved cost efficiency under the STEP Change programme, and the £9.8 million improvement in net financing income arising on proceeds from the divestment of non-core businesses in 2007 and from on-going improvements in cash management.

There were pre-tax exceptional profits of £4.7 million (2007: £19.9 million), intangible amortisation of £2.6 million (2007: £1.2 million) and joint venture tax of £0.2 million (2007: £0.2 million), resulting in pre-tax profit from continuing operations of £92.3 million (2007: £66.9 million).

Diluted earnings per share from continuing operations were 20.1 pence (2007: 14.7 pence).

Post-tax profit before exceptional items from discontinued operations was £2.8 million. There were post-tax exceptional charges of £1.2 million, giving a total post-tax profit for the period of £1.6 million.

The interim dividend is increased by 15 per cent to 5.3 pence per share (2007: 4.6 pence).

## **Outlook**

### 2008

AMEC's end markets in energy, power and process are expected to remain strong.

Each of the group's core businesses is expected to deliver further performance improvement in the second half of 2008, putting AMEC well on track to achieve the recently upgraded EBITA margin of 6.5 per cent for the year.

The board's expectation for the overall outcome in 2008 remains unchanged from the date of the group's interim pre-close update on 3 July 2008.

### 2010 group margin target

With Natural Resources having achieved a 10 per cent EBITA margin and the Power and Process and Earth and Environmental divisions expected to make strong progress in 2008, the group's EBITA margin target for 2010 has been raised from eight to 8.5 per cent. There will be no restatement of divisional targets for 2010.

## **Acquisitions**

AMEC continues to make selective acquisitions consistent with its strategy of geographic and capacity expansion. In the year to date, AMEC has announced seven acquisitions with an aggregate cash consideration of £121 million, of which six (aggregate cash consideration £110 million) were made in the six months to June 2008. Up to £90 million of total consideration will be paid in the current year, with the balance to be paid in future years.

### Natural Resources

- April 2008; Rider Hunt International (UK); consultancy services in programme and project management
- May 2008; Bower Damberger Rolseth Engineering Limited (Canada); specialist technical engineering services to the 'in-situ' Canadian oil sands market

### Power and Process

- July 2008; AllDeco, s.r.o. (Slovakia); specialist nuclear services company

### Earth and Environmental

- January 2008; Marine & Environmental Testing, Inc. (US); occupational health and safety consultancy services
- January 2008; Steward and Associates (US); fisheries and watershed management consultancy services
- April 2008; Smith Williams Consultants Inc (US); geotechnical consultancy services
- June 2008; Geomatrix Consultants, Inc. (US); specialist environmental, geotechnical and water resources services

### **Exceptional items**

AMEC continues to make progress in settling legacy disputes where it is reasonable to do so. Further progress is expected later this year on the US Courthouses disputes.

Two small businesses were divested in the first half, generating a £5.3 million pre-tax gain on disposal.

### **Operational Excellence**

The Operational Excellence programme is proceeding as planned. Implementation of all 12 focus areas is well underway and the programme is now producing results.

As previously disclosed, Operational Excellence is expected to incur costs of up to £10 million during 2008, of which £3 million was incurred during the first half.

### **Tax**

Income tax on the profit before exceptional items and intangible amortisation for the six months ended 30 June 2008 is based on an effective rate of 30.9 per cent (six months ended 30 June 2007: 29.0 per cent), which has been calculated by reference to the projected charge for the full year (2007: 25.4 per cent). The increase principally reflects the previous utilisation of overseas tax losses.

### **Net cash**

Net cash as at 30 June 2008 was £600.8 million (31 December 2007: £733.2 million), of which advance cash was c.£20 million. Movement over the period reflects acquisitions, share buybacks, dividends, unwinding of advance receipts and normal working capital movements.

Average weekly net cash for the six months ended 30 June 2008 stood at a record level of £630.0 million, as expected.

Group average weekly net cash for 2008 is expected to remain in excess of £600 million. This figure is after taking account of year to date acquisitions with an aggregate cash cost of £121 million (up to £90 million outflow in 2008), together with share buybacks announced in the year to date.

### **Share buybacks**

A total of 3,200,000 ordinary shares was purchased during the first half of 2008 and will be held as treasury shares. Of these, 2,450,000 were purchased specifically to satisfy the group's share plan awards. 750,000 ordinary shares were purchased under the share buyback programme during the first half of 2008, during which time world stock markets remained volatile. The group will continue the share buyback programme, of up to £75 million, on an opportunistic basis.

### **Issued share capital**

As at 7 August 2008, AMEC had a total of 330,965,107 ordinary shares with voting rights. In addition 6,968,800 shares were held in treasury.

### **Board changes**

Stuart Siddall, Finance Director, stepped down from the board following the company's annual general meeting on 14 May 2008 and left the company at the end of May 2008.

On 2 July 2008, AMEC announced the appointment of Ian McHoul as a director and Chief Financial Officer. Previously Group Finance Director of Scottish and Newcastle plc, he will join AMEC on 8 September 2008.

### **Segmental review**

Amounts and percentage movements relating to segmental activities are stated for continuing operations. The 2007 figures are as restated by the group on 11 March 2008, with the Wind Developments business being reported in the Investments and other activities division (formerly Power and Process).

Amounts relating to segmental earnings before interest, tax and amortisation (EBITA) are stated before corporate costs of £17.3 million (2007: £21.3 million) and pre-tax exceptional profits of £4.7 million (2007: £19.9 million), but including joint venture profit before tax of £0.6 million (2007: £0.9 million).

Average numbers of employees reflect full time equivalents, including agency staff, and are stated for the six months ended 30 June 2008 and 30 June 2007.

Order book figures are stated at 30 June 2008 and 30 June 2007.

Amounts relating to segmental net assets / (liabilities) are stated before intangible assets and net cash, but including interests in joint ventures and associates. Net assets / (liabilities) are stated as at 30 June 2008 and 31 December 2007.

Commentary for each of AMEC's principal segments of activity is set out below.

## NATURAL RESOURCES

Natural Resources comprises AMEC's activities in Oil and Gas Services (63 per cent of revenues in the six months ended June 2008), Oil Sands (engineering and infrastructure, 22 per cent of revenues) and Minerals and Metals Mining (15 per cent of revenues). Services include asset development and asset support including consultancy and engineering design, project management, commissioning and operational support.

'Capex' activities (those activities related to clients' capital expenditure) and 'Opex' activities (relating to clients' operating expenditure) accounted for 55 per cent and 45 per cent respectively of Natural Resources revenues in the first half. Profit is weighted towards Capex, which accounted for 70 per cent of EBITA during the period.

£ million	H1 2008	H1 2007	change
Revenue	<b>561.7</b>	498.4	+13%
EBITA	<b>56.6</b>	37.2	+52%
EBITA margin	<b>10.1%</b>	7.5%	+2.6pts
Average employees	<b>10,620</b>	9,495	+12%
Order book	<b>£1.33bn</b>	£1.14bn	+17%
Net assets	<b>38.7</b>	28.8*	+34%

\* As at 31 December 2007

Natural Resources end markets remain buoyant. Revenue for the period increased by 13 per cent to £561.7 million, driven particularly by strength in the Canadian Oil Sands business.

EBITA increased by 52 per cent to £56.6 million (2007: £37.2 million). During the period, margins in both Capex and Opex were increased from the comparable period in 2007, to 13 per cent and seven per cent from 10 per cent and five per cent respectively. Capex as a proportion of total divisional revenues also increased to 55 per cent (2007: 50 per cent). As a result, EBITA margin increased strongly during the period to 10.1 per cent (2007: 7.5 per cent). A small improvement is expected in the Natural Resources EBITA margin in the second half of 2008, resulting in an EBITA margin in excess of 10 per cent for the year.

The Natural Resources order book increased by 17 per cent to £1.33 billion, reflecting new contracts being awarded by existing and new customers around the world.

Net assets increased by 34 per cent to £38.7 million, mainly reflecting normal working capital requirements in our growing markets.

In Oil and Gas Services, North Sea operations continue the shift towards higher value-added activities. Operations in the Americas remain strong, whilst frontier regions continue to benefit both from new contract awards and contract renewals. On 3 June 2008, BP International Limited announced that AMEC had been selected as one of three companies to provide long-term engineering and project management services for BP's offshore developments around the world. The agreement underscores AMEC's leading position in engineering and project management services in the oil and gas industry, together with its ability to support customers worldwide.

The Canadian oil sands market remains particularly buoyant, with AMEC's activities seeing continued strong performance. The acquisition of Bower Damberger Rolseth (BDR) has strengthened AMEC's market position in the oil sands. BDR has particular expertise in thermal recovery of in-situ oil through Steam Assisted Gravity-Drainage (SAG-D) methods. By combining AMEC's leading position in the surface mining segment and BDR's strong reputation in in-situ extraction, the business is well positioned to compete across all oil sands segments.

The Minerals and Metals Mining business has also had a strong first half, with ramping up of projects in South America and continued high levels of activity in Canada. The latest major contract for this division was announced on 20 June 2008, with the award of a Cdn\$150 million engineering, procurement and construction management contract by Baffinland Iron Mines Corporation for the Cdn\$4 billion Mary River Iron Ore project on Baffin Island, Canada. The contract is scheduled to run until 2014. Further details on this, and other contract awards, may be found at [www.amec.com/media](http://www.amec.com/media).

## POWER AND PROCESS

This division is focused on the power and process markets, principally in the UK and the Americas, and the nuclear market globally. The business designs, delivers, enhances and maintains infrastructure for a broad range of customers in the public and private sectors.

Revenues during the six months ended 30 June 2008 were split between each of the three principal areas of activity in Power and Process as follows: Process 45 per cent, Power 31 per cent and Nuclear 24 per cent.

£ million	H1 2008	H1 2007	change
Revenue	<b>535.8</b>	490.0	+9%
EBITA	<b>27.3</b>	19.9	+37%
EBITA margin	<b>5.1%</b>	4.1%	+1.0pts
Average employees	<b>7,590</b>	7,430	+2%
Order book	<b>£1.05bn</b>	£1.27bn	-17%
Net liabilities	<b>(3.3)</b>	(57.0)*	+94%

\* As at 31 December 2007

Revenue for the period increased by nine per cent to £535.8 million (2007: £490.0 million). The division continues to focus on margin and not volume, with growth during the period continuing to reflect the ramping up of major fixed price contracts in the UK over the last 12 months. This process is now complete.

EBITA for the period increased by 37 per cent to £27.3 million (2007: £19.9 million). EBITA margin increased to 5.1 per cent (2007: 4.1 per cent), reflecting improved management focus, cost and efficiency gains arising from the STEP Change programme and a stronger pricing environment.

Net liabilities reduced by 94 per cent to £3.3 million (31 December 2007: £57.0 million), largely as a result of the unwinding of advance cash and milestones and other payment terms on major fixed price projects. These effects are expected to be temporary.

Power and Process end markets remain strong, enabling this division to be increasingly selective in new work taken on. This greater focus is reflected in the continued decline in the order book during the first half. In June 2008, the division announced an increase in the minimum gross margin on new contracts to 10 per cent, up from nine per cent. In a change of contracting strategy, Power and Process expects to see a reduction in the volume of fixed price work undertaken in the UK, with the focus being instead on target price contracts. This change of focus is expected to result in a stabilisation of revenues for the division over the next 12 months, together with an improvement in margin performance.

Power and Process expects to deliver an EBITA margin of circa six per cent in 2008. This improved performance reflects the higher gross margin on new contracts, delivery of improved margin on the pre-existing backlog, and the change of focus in contracting strategy referred to above.

On 11 July 2008, the UK Nuclear Decommissioning Authority (NDA) announced that Nuclear Management Partners Limited (NMP) had been selected as preferred bidder in the competition to secure a Parent Body Organisation for the Sellafield Site Licence Company (SLC). NMP is the consortium comprising AMEC, AREVA, and URS Washington Division. The contract is expected to offer business to the value of c.£1.3 billion per annum and associated dividend opportunities for NMP of c.£50 million per annum, subject to the level of improved SLC performance and efficiency achieved. The contract would be awarded initially for a period of five years with the potential of further extension periods, subject to performance, for a total of 17 years.

Subject to contract finalisation, which is expected in October 2008, AMEC's share of NMP revenues will relate solely to recharges of costs of AMEC management working on the contract, whilst potential annual earnings will reflect AMEC's share of a dividend of up to £50 million, subject to performance against targets agreed with the NDA. The impact of the contract on AMEC group performance in 2008 is not expected to be material.

On 22 July 2008, AMEC announced the acquisition of the Slovak specialist nuclear services company AllDeco, s.r.o. (AllDeco). With a leading market position in Central and Eastern Europe, AllDeco strengthens AMEC's capabilities and improves its standing as a leading player in nuclear decommissioning and reactor services in the UK, Continental Europe and around the world.

## EARTH AND ENVIRONMENTAL

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

<b>£ million</b>	<b>H1 2008</b>	<b>H1 2007</b>	<b>change</b>
Revenue	<b>165.8</b>	140.1	+18%
EBITA	<b>10.5</b>	8.9	+18%
EBITA margin	<b>6.3%</b>	6.4%	-0.1pts
Average employees	<b>3,575</b>	3,175	+13%
Net assets	<b>46.9</b>	33.2*	+41%

\* As at 31 December 2007

Revenue for the period increased by 18 per cent, with EBITA also up by 18 per cent to £10.5 million (2007: £8.9 million). Performance was particularly strong in the natural resources sector in Western Canada and Federal in the US, but growth was tempered by reducing levels of activity in Iraq. EBITA margin was slightly lower during the period, with significant improvement expected in the second half.

Net assets at the period end of £46.9 million reflected the normal seasonal pattern for the business.

Earth and Environmental continues with its strategy of making small acquisitions in selected markets or regions. Since July 2007, the division has made a total of six small acquisitions in the US, UK and Romania. In addition, on 4 June 2008, Earth and Environmental announced a larger transaction with the acquisition of Geomatrix, a diversified technical consulting and engineering firm headquartered in Oakland, California. The company employs some 500 engineers, scientists and other professionals in 18 offices across the US and one office in Canada.

The division is expected to deliver an EBITA margin of circa eight per cent in 2008.

## INVESTMENTS AND OTHER ACTIVITIES

The Investments and other activities division includes two ongoing PPP activities in Korea and the UK, together with activities in Hong Kong (substantially reduced), US Construction Management (all projects completed) and a plant hire business (sold in February 2008). 2007 figures also include past activities in Rail (sold in 2007). The division also includes the UK Wind Developments business, which is currently the subject of a strategic review that may lead to the disposal of some or all of that business.

<b>£ million</b>	<b>H1 2008</b>	<b>H1 2007</b>	<b>change</b>
Revenue	<b>9.3</b>	33.5	-72%
EBITA	<b>(1.2)</b>	(1.0)	nm

nm: not meaningful

The level of activities in this division continues to decline, reflecting non-core business disposals. Revenues declined by 72 per cent to £9.3 million (2007: £33.5 million), with the loss of £1.2 million stemming largely from the retained PPP portfolio.

As previously disclosed, the overall outcome for this division in 2008 is expected to be a small loss.

## CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended 30 June 2008

	Note	Before exceptional items £ million	Exceptional items - litigation and exit of businesses (note 3) £ million	Total £ million
<b>Continuing operations</b>				
Revenue	2	1,255.2	-	1,255.2
Cost of sales		<u>(1,111.5)</u>	<u>-</u>	<u>(1,111.5)</u>
<b>Gross profit</b>		<b>143.7</b>	<b>-</b>	<b>143.7</b>
Administrative expenses		(71.0)	-	(71.0)
Profit on business disposals and closures		<u>-</u>	<u>4.7</u>	<u>4.7</u>
<b>Profit before net financing income</b>		<b>72.7</b>	<b>4.7</b>	<b>77.4</b>
Financial income		<u>15.9</u>	<u>-</u>	<u>15.9</u>
Financial expense		<u>(1.4)</u>	<u>-</u>	<u>(1.4)</u>
Net financing income		14.5	-	14.5
Share of post-tax results of joint ventures and associates		<u>0.4</u>	<u>-</u>	<u>0.4</u>
<b>Profit before income tax</b>	2	<b>87.6</b>	<b>4.7</b>	<b>92.3</b>
Income tax	4	<u>(26.9)</u>	<u>1.4</u>	<u>(25.5)</u>
<b>Profit for the period from continuing operations</b>		<b>60.7</b>	<b>6.1</b>	<b>66.8</b>
<b>Profit/(loss) for the period from discontinued operations</b>	5	<u>2.8</u>	<u>(1.2)</u>	<u>1.6</u>
<b>Profit for the period</b>		<u><b>63.5</b></u>	<u><b>4.9</b></u>	<u><b>68.4</b></u>
<b>Attributable to:</b>				
Equity holders of the company				68.5
Minority interests				<u>(0.1)</u>
				<u><b>68.4</b></u>
<b>Basic earnings per share:</b>				
Continuing operations	6			20.5p
Discontinued operations				<u>0.5p</u>
				<u><b>21.0p</b></u>
<b>Diluted earnings per share:</b>				
Continuing operations	6			20.1p
Discontinued operations				<u>0.5p</u>
				<u><b>20.6p</b></u>

## CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended 30 June 2007  
(restated)

	Note	Before exceptional items £ million	Exceptional items - litigation and exit of businesses (note 3) £ million	Total £ million
<b>Continuing operations</b>				
<b>Revenue</b>	2	1,152.9	-	1,152.9
Cost of sales		<u>(1,044.7)</u>	<u>10.8</u>	<u>(1,033.9)</u>
<b>Gross profit</b>		108.2	10.8	119.0
Administrative expenses		(66.6)	-	(66.6)
Profit on business disposals and closures		<u>-</u>	<u>9.1</u>	<u>9.1</u>
<b>Profit before net financing income</b>		41.6	19.9	61.5
Financial income		11.1	-	11.1
Financial expense		(6.4)	-	(6.4)
Net financing income		4.7	-	4.7
Share of post-tax results of joint ventures and associates		0.7	-	0.7
<b>Profit before income tax</b>	2	<u>47.0</u>	<u>19.9</u>	<u>66.9</u>
Income tax		<u>(13.8)</u>	<u>(3.2)</u>	<u>(17.0)</u>
<b>Profit for the period from continuing operations</b>		33.2	16.7	49.9
<b>Profit/(loss) for the period from discontinued operations</b>	5	<u>5.0</u>	<u>(3.6)</u>	<u>1.4</u>
<b>Profit for the period</b>		<u>38.2</u>	<u>13.1</u>	<u>51.3</u>
<b>Attributable to:</b>				
Equity holders of the company				51.3
Minority interests				<u>-</u>
				<u>51.3</u>
<b>Basic earnings per share:</b>				
Continuing operations	6			15.2p
Discontinued operations				<u>0.4p</u>
				<u>15.6p</u>
<b>Diluted earnings per share:</b>				
Continuing operations	6			14.7p
Discontinued operations				<u>0.4p</u>
				<u>15.1p</u>

## CONDENSED CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2007  
(restated)

	Note	Before exceptional items £ million	Exceptional items - litigation and exit of businesses (note 3) £ million	Total £ million
<b>Continuing operations</b>				
<b>Revenue</b>	2	2,356.2	-	2,356.2
Cost of sales		<u>(2,118.0)</u>	<u>10.7</u>	<u>(2,107.3)</u>
<b>Gross profit</b>		238.2	10.7	248.9
Administrative expenses		(134.4)	-	(134.4)
Profit on business disposals and closures		<u>-</u>	<u>17.5</u>	<u>17.5</u>
<b>Profit before net financing income</b>		103.8	28.2	132.0
Financial income		<u>22.1</u>	<u>-</u>	<u>22.1</u>
Financial expense		<u>(3.7)</u>	<u>-</u>	<u>(3.7)</u>
Net financing income		18.4	-	18.4
Share of post-tax results of joint ventures and associates		<u>1.2</u>	<u>-</u>	<u>1.2</u>
<b>Profit before income tax</b>	2	123.4	28.2	151.6
Income tax		<u>(30.9)</u>	<u>0.8</u>	<u>(30.1)</u>
<b>Profit for the year from continuing operations</b>		92.5	29.0	121.5
<b>(Loss)/profit for the year from discontinued operations</b>	5	<u>(4.7)</u>	<u>227.6</u>	<u>222.9</u>
<b>Profit for the year</b>		<u>87.8</u>	<u>256.6</u>	<u>344.4</u>
<b>Attributable to:</b>				
Equity holders of the company				344.3
Minority interests				<u>0.1</u>
				<u>344.4</u>
<b>Basic earnings per share:</b>				
Continuing operations	6			36.9p
Discontinued operations				<u>67.8p</u>
				<u>104.7p</u>
<b>Diluted earnings per share:</b>				
Continuing operations	6			36.1p
Discontinued operations				<u>66.2p</u>
				<u>102.3p</u>

## CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Note	Six months ended 30 June 2008 £ million	Six months ended 30 June 2007 £ million	Year ended 31 December 2007 £ million
Exchange differences on translation of foreign subsidiaries		(7.8)	12.2	32.3
Actuarial gains on defined benefit pension schemes		-	-	86.1
Net gain/(loss) on hedges of net investment in foreign subsidiaries		0.1	(2.6)	(8.6)
Cash flow hedges:				
Effective portion of changes in fair value		(3.2)	1.8	1.8
Transferred to the income statement		-	(1.2)	(2.1)
Group share of changes in fair value of cash flow hedges within joint venture entities (net of tax)		-	9.8	2.4
Tax in respect of items recognised directly in equity		(2.5)	(0.2)	(21.9)
<b>Net (expense)/income recognised directly in equity</b>		<b>(13.4)</b>	19.8	90.0
<b>Profit for the period</b>		<b>68.4</b>	51.3	344.4
<b>Total recognised income and expense for the period</b>		<b>55.0</b>	71.1	434.4
<b>Attributable to:</b>				
Equity holders of the company	11	55.1	71.1	434.3
Minority interests		(0.1)	-	0.1
<b>Total recognised income and expense for the period</b>		<b>55.0</b>	71.1	434.4

## CONDENSED CONSOLIDATED BALANCE SHEET

	Note	30 June 2008 £ million	30 June 2007 £ million	31 December 2007 £ million
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		51.1	60.3	57.6
Intangible assets	8	321.3	203.1	223.8
Interests in joint ventures and associates		26.2	15.7	22.7
Other investments		0.6	0.8	0.8
Derivative financial instruments		0.5	-	-
Retirement benefit assets		170.8	110.6	161.3
Deferred tax assets		54.3	9.9	58.9
<b>Total non-current assets</b>		<b>624.8</b>	<b>400.4</b>	<b>525.1</b>
<b>Current assets</b>				
Inventories		14.2	9.2	6.1
Trade and other receivables		608.4	569.1	529.4
Derivative financial instruments		1.2	7.3	3.1
Cash and cash equivalents		600.9	452.4	734.1
Assets classified as held for sale		-	466.9	19.0
<b>Total current assets</b>		<b>1,224.7</b>	<b>1,504.9</b>	<b>1,291.7</b>
<b>Total assets</b>		<b>1,849.5</b>	<b>1,905.3</b>	<b>1,816.8</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank loans and overdrafts		(0.1)	(8.1)	(0.8)
Trade and other payables		(681.2)	(616.2)	(641.5)
Derivative financial instruments		(4.7)	(1.9)	(5.3)
Current tax payable		(45.7)	(23.2)	(59.6)
Liabilities classified as held for sale		-	(533.2)	(5.4)
<b>Total current liabilities</b>		<b>(731.7)</b>	<b>(1,182.6)</b>	<b>(712.6)</b>
<b>Non-current liabilities</b>				
Bank loans		-	-	(0.1)
Other payables	9	(22.5)	-	-
Derivative financial instruments		(3.8)	-	-
Retirement benefit liabilities		(11.6)	(13.9)	(11.3)
Deferred tax liabilities		-	(10.8)	-
Provisions	10	(187.8)	(158.5)	(199.4)
<b>Total non-current liabilities</b>		<b>(225.7)</b>	<b>(183.2)</b>	<b>(210.8)</b>
<b>Total liabilities</b>		<b>(957.4)</b>	<b>(1,365.8)</b>	<b>(923.4)</b>
<b>Net assets</b>	2	<b>892.1</b>	<b>539.5</b>	<b>893.4</b>
<b>EQUITY</b>				
Share capital		168.9	168.4	168.7
Share premium account		100.5	98.0	99.5
Hedging and translation reserves		5.8	6.2	16.8
Capital redemption reserve		17.2	17.2	17.2
Retained earnings		597.6	254.5	590.4
Amounts recognised in equity relating to assets and liabilities held for sale		-	(5.6)	-
<b>Total equity attributable to equity holders of the parent</b>		<b>890.0</b>	<b>538.7</b>	<b>892.6</b>
Minority interests		2.1	0.8	0.8
<b>Total equity</b>		<b>892.1</b>	<b>539.5</b>	<b>893.4</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

		Six months ended 30 June 2008 £ million	Six months ended 30 June 2007 £ million	Year ended 31 December 2007 £ million
<b>Cash flow from operating activities</b>				
Profit before income tax from continuing operations		92.3	66.9	151.6
Profit before income tax from discontinued operations	5	2.3	8.7	290.7
Profit before income tax		94.6	75.6	442.3
Financial income		(15.9)	(14.9)	(24.2)
Financial expense		1.4	8.7	4.2
Share of post-tax results of joint ventures and associates		(0.4)	(4.4)	(6.0)
Intangible amortisation		2.6	1.2	2.5
Depreciation		7.3	11.1	21.7
Profit on disposal of businesses		(5.3)	(12.1)	(310.1)
Profit on disposal of property, plant and equipment		(0.8)	(1.0)	(2.3)
Impairment of non current assets		-	1.8	-
Equity settled share-based payments		4.5	5.4	5.3
		88.0	71.4	133.4
(Increase)/decrease in inventories		(4.1)	4.7	7.4
(Increase)/decrease in trade and other receivables		(64.7)	(27.4)	36.1
(Decrease)/increase in trade and other payables and provisions		(14.1)	7.1	(36.7)
<b>Cash generated from operations</b>		5.1	55.8	140.2
Interest paid		(1.4)	(4.1)	(4.2)
Tax paid		(42.8)	(6.1)	(38.0)
<b>Net cash flow from operating activities</b>		(39.1)	45.6	98.0
<b>Cash flow from investing activities</b>				
Acquisition of businesses (net of cash acquired)		(77.8)	-	(12.7)
Acquisition of joint ventures and associates		(1.3)	(6.1)	(6.0)
Purchase of property, plant and equipment		(8.1)	(7.6)	(18.4)
Purchase of intangible assets		(1.1)	(0.1)	(0.2)
Disposal of businesses (net of cash disposed of)		14.0	23.6	263.1
Disposal of joint ventures, associates and other investments		11.2	20.9	19.2
Disposal of property, plant and equipment		2.6	2.2	9.7
Interest received		15.9	9.3	22.7
Dividends received from joint ventures and associates		0.1	1.9	2.0
<b>Net cash flow from investing activities</b>		(44.5)	44.1	279.4
<b>Net cash flow before financing activities</b>		(83.6)	89.7	377.4
<b>Cash flow from financing activities</b>				
Repayment of loans		(0.2)	(4.4)	(4.3)
Dividends paid		(15.5)	(13.9)	(39.8)
Proceeds from shares issued		1.2	8.9	10.7
Acquisition of treasury shares		(25.5)	(14.7)	(21.5)
(Acquisition)/disposal of shares by trustees of the Performance Share Plan 2002		(9.3)	-	0.3
<b>Net cash flow from financing activities</b>		(49.3)	(24.1)	(54.6)
<b>(Decrease)/increase in cash and cash equivalents</b>		(132.9)	65.6	322.8
Cash and cash equivalents as at the beginning of the period		733.4	406.4	406.4
Exchange gains/(losses) on cash and cash equivalents		0.3	(1.6)	4.2
<b>Cash and cash equivalents as at the end of the period</b>	12	600.8	470.4	733.4

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT (continued)

### Cash and cash equivalents consist of:

Cash at bank and in hand		122.1	431.2	720.4
Short-term investments		478.8	21.2	13.7
		<u>600.9</u>	<u>452.4</u>	<u>734.1</u>
Overdrafts		(0.1)	(8.1)	(0.7)
		<u>600.8</u>	<u>444.3</u>	<u>733.4</u>
Cash and cash equivalents (including overdrafts) classified as held for sale	12	-	26.1	-
<b>Cash and cash equivalents</b>	12	<u>600.8</u>	<u>470.4</u>	<u>733.4</u>

## NOTES TO THE ACCOUNTS

### 1. PREPARATION OF INTERIM RESULTS

This condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the EU.

As required by the Disclosure and Transparency Rules of the Financial Services Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the company's published consolidated financial statements for the year ended 31 December 2007 except for the group's tax measurement basis (see note 4). The income statements for year ended 31 December 2007 and for period ending 30 June 2007 have been restated to reflect a change in presentation of cost of sales and administrative expenses. This does not affect reported profit before tax.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key source of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2007. The principal risks and uncertainties that face the group in the second half of 2008 remain unchanged from those disclosed in the annual report for the year ended 2007.

The comparative figures for the year ended 31 December 2007 are not the group's statutory accounts for that financial year. Those accounts have been reported on by the group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

The annual accounts for the year ended 31 December 2007 are prepared in line with IFRS as adopted by the EU.

During 2006 IFRIC 12 on service concession arrangements was issued. This interpretation is effective with effect from 1 January 2008, but this 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 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.

## 2. SEGMENTAL ANALYSIS OF CONTINUING OPERATIONS

	Revenue			Profit/(loss)		
	Six months ended 30 June 2008 £ million	Six months ended 30 June 2007 £ million	Year ended 31 December 2007 £ million	Six months ended 30 June 2008 £ million	Six months ended 30 June 2007 £ million	Year ended 31 December 2007 £ million
<b>Class of business:</b>						
Natural Resources	561.7	498.4	1,014.8	61.0	36.5	93.7
Power and Process	535.8	490.0	1,009.1	26.7	29.8	48.4
Earth and Environmental	165.8	140.1	288.4	10.1	8.8	20.9
Investments and other activities	9.3	33.5	64.4	(3.1)	7.7	5.5
	<b>1,272.6</b>	1,162.0	2,376.7	<b>94.7</b>	82.8	168.5
Internal revenue	(17.4)	(9.1)	(20.5)	-	-	-
Corporate costs	-	-	-	(17.3)	(21.3)	(36.5)
	<b>1,255.2</b>	1,152.9	2,356.2	<b>77.4</b>	61.5	132.0
Net financing income	-	-	-	14.5	4.7	18.4
Share of post-tax results of joint ventures and associates	-	-	-	0.4	0.7	1.2
	<b>1,255.2</b>	1,152.9	2,356.2	<b>92.3</b>	66.9	151.6
<b>Geographical origin:</b>						
United Kingdom	535.5	508.1	950.5	29.2	39.4	70.0
Rest of Europe	16.6	46.1	88.6	(0.2)	4.2	6.4
Americas	593.6	537.4	1,180.9	53.2	38.2	89.3
Rest of the World	109.5	61.3	136.2	12.5	1.0	2.8
	<b>1,255.2</b>	1,152.9	2,356.2	<b>94.7</b>	82.8	168.5
Corporate costs	-	-	-	(17.3)	(21.3)	(36.5)
	<b>1,255.2</b>	1,152.9	2,356.2	<b>77.4</b>	61.5	132.0
Net financing income	-	-	-	14.5	4.7	18.4
Share of post-tax results of joint ventures and associates	-	-	-	0.4	0.7	1.2
	<b>1,255.2</b>	1,152.9	2,356.2	<b>92.3</b>	66.9	151.6

## 2. SEGMENTAL ANALYSIS OF CONTINUING OPERATIONS (continued)

	Net assets/(liabilities)		
	30 June 2008 £ million	30 June 2007 £ million	31 December 2007 £ million
<b>Class of business:</b>			
Natural Resources	60.6	59.2	29.8
Power and Process	2.2	(35.5)	(51.5)
Earth and Environmental	57.6	37.0	34.5
Investments and other activities	(238.6)	(130.8)	(207.3)
	(118.2)	(70.1)	(194.5)
Goodwill	282.0	195.1	215.4
Interests in joint ventures and associates	26.2	15.7	22.7
Net cash	600.8	444.3	733.2
Unallocated net assets	101.3	20.8	103.0
Assets and liabilities classified as held for sale	-	(66.3)	13.6
	<b>892.1</b>	<b>539.5</b>	<b>893.4</b>
<b>Geographical origin:</b>			
United Kingdom	(39.6)	3.4	(99.7)
Rest of Europe	(49.1)	(63.0)	(56.1)
Americas	255.7	175.1	171.4
Rest of the World	(3.2)	9.5	5.3
	163.8	125.0	20.9
Interests in joint ventures and associates	26.2	15.7	22.7
Net cash	600.8	444.3	733.2
Unallocated net assets	101.3	20.8	103.0
Assets and liabilities classified as held for sale	-	(66.3)	13.6
	<b>892.1</b>	<b>539.5</b>	<b>893.4</b>

## 3. EXCEPTIONAL ITEMS – ARISING FROM LITIGATION AND EXIT OF BUSINESSES

	Six months ended 30 June 2008 £ million	Six months ended 30 June 2007 £ million	Year ended 31 December 2007 £ million
Natural Resources	6.5	-	-
Power and Process	0.1	10.9	11.5
Investments and other activities	(1.9)	9.0	16.7
Exceptional items of continuing operations	4.7	19.9	28.2
Taxation on exceptional items of continuing operations	1.4	(3.2)	0.8
Exceptional items of discontinued operations (post-tax)	(1.2)	(3.6)	227.6
Post-tax exceptional items	<b>4.9</b>	<b>13.1</b>	<b>256.6</b>

### 3. EXCEPTIONAL ITEMS – ARISING FROM LITIGATION AND EXIT OF BUSINESSES (continued)

Exceptional items are further analysed as follows:

	Six months ended 30 June 2008		
	Gain/ (loss) on disposals £ million	Other exceptional items £ million	Total arising from litigation and exit of businesses £ million
Continuing operations	5.4	(0.7)	4.7
Discontinued operations	(0.1)	(0.4)	(0.5)
Profit/(loss) before tax	5.3	(1.1)	4.2
Tax	(2.2)	2.9	0.7
Profit after tax	3.1	1.8	4.9

Two peripheral businesses were sold in the period resulting in exceptional pre-tax gains on disposal of £5.3 million. Other exceptional items in 2008 comprise provision and other adjustments in relation to outstanding matters on various legacy projects.

	Six months ended 30 June 2007		
	Gain/ (loss) on disposals £ million	Other exceptional items £ million	Total arising from litigation and exit of businesses £ million
Continuing operations	16.6	3.3	19.9
Discontinued operations	(4.5)	4.7	0.2
Profit before tax	12.1	8.0	20.1
Tax	(2.4)	(4.6)	(7.0)
Profit after tax	9.7	3.4	13.1

	Year ended 31 December 2007		
	Gain on disposals £ million	Other exceptional items £ million	Total arising from litigation and exit of businesses £ million
Continuing operations	17.7	10.5	28.2
Discontinued operations	292.4	2.8	295.2
Profit before tax	310.1	13.3	323.4
Tax	(66.8)	-	(66.8)
Profit after tax	243.3	13.3	256.6

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 2007 resulted in an aggregate pre-tax exceptional gain in 2007 of £310.1 million.

### 4. INCOME TAX

Income tax on the profit before exceptional items and intangible amortisation for the six months ended 30 June 2008 is based on an effective rate of 30.9 per cent, which has been calculated by reference to the projected charge for the full year.

## 5. PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS

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

The results of discontinued operations were as follows:

	<b>Six months ended 30 June 2008 £ million</b>	Six months ended 30 June 2007 £ million	Year ended 31 December 2007 £ million
Revenue	<b>0.2</b>	571.7	710.7
Cost of sales and net operating expenses	<b>2.6</b>	(563.2)	(715.2)
Profit/(loss) before income tax	<b>2.8</b>	8.5	(4.5)
Attributable tax	<b>-</b>	(3.5)	(0.2)
Profit/(loss) after income tax	<b>2.8</b>	5.0	(4.7)
Exceptional items – litigation and exit of businesses	<b>(0.4)</b>	4.7	2.8
Attributable tax on exceptional items	<b>-</b>	(1.4)	(0.9)
(Loss)/profit on disposal	<b>(0.1)</b>	(4.5)	292.4
Attributable tax on (loss)/profit on disposal	<b>(0.7)</b>	(2.4)	(66.7)
Profit for the period from discontinued operations	<b>1.6</b>	1.4	222.9

The total profit for the period from discontinued operations is analysed as follows:

	<b>Six months ended 30 June 2008 £ million</b>	Six months ended 30 June 2007 £ million	Year ended 31 December 2007 £ million
Profit/(loss) before exceptional items and tax	<b>2.8</b>	8.5	(4.5)
Pre-tax exceptional items – litigation and exit of businesses	<b>(0.4)</b>	4.7	2.8
Pre-tax exceptional (loss)/profit on disposal	<b>(0.1)</b>	(4.5)	292.4
Pre-tax profit	<b>2.3</b>	8.7	290.7
Tax	<b>(0.7)</b>	(7.3)	(67.8)
Profit for the period from discontinued operations	<b>1.6</b>	1.4	222.9

## 6. EARNINGS PER SHARE

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

### Six months ended 30 June 2008

	Earnings £ million	Weighted average shares number million	Earnings per share pence
<b>Basic earnings from continuing operations</b>	<b>66.9</b>	<b>326.6</b>	<b>20.5</b>
Share options	-	2.8	(0.1)
Employee share and incentive schemes	-	4.3	(0.3)
<b>Diluted earnings from continuing operations</b>	<b>66.9</b>	<b>333.7</b>	<b>20.1</b>
<b>Basic earnings from discontinued operations</b>	<b>1.6</b>	<b>326.6</b>	<b>0.5</b>
Share options	-	2.8	-
Employee share and incentive schemes	-	4.3	-
<b>Diluted earnings from discontinued operations</b>	<b>1.6</b>	<b>333.7</b>	<b>0.5</b>

The basic and diluted profit of £66.9 million for the six months ended 30 June 2008 is the profit for the period for continuing operations of £66.8 million plus the loss attributable to minority interest of £0.1 million.

### Six months ended 30 June 2007

	Earnings £ million	Weighted average shares number million	Earnings per share pence
Basic earnings from continuing operations	49.9	328.8	15.2
Share options	-	4.0	(0.2)
Employee share and incentive schemes	-	5.9	(0.3)
Diluted earnings from continuing operations	49.9	338.7	14.7
Basic earnings from discontinued operations	1.4	328.8	0.4
Share options	-	4.0	-
Employee share and incentive schemes	-	5.9	-
Diluted earnings from discontinued operations	1.4	338.7	0.4

The basic and diluted profit of £49.9 million for the six months ended 30 June 2007 is the profit for the period for continuing operations of £49.9 million. There was no profit or loss attributable to minority interest.

## 6. EARNINGS PER SHARE (continued)

Year ended 31 December 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	<u>121.4</u>	<u>336.5</u>	<u>36.1</u>
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	<u>222.9</u>	<u>336.5</u>	<u>66.2</u>

The basic and diluted profit of £121.4 million for the year ended 31 December 2007 is the profit for the year for continuing operations of £121.5 million less the profit attributable to minority interest of £0.1 million.

In order to appreciate the effects of the continuing and discontinued operations and exceptional items on the reported performance, additional calculations of earnings per share are presented.

Six months ended 30 June 2008

	Earnings £ million	Weighted average shares number million	Earnings per share pence
<b>Basic earnings from continuing operations</b>	<b>66.9</b>	<b>326.6</b>	<b>20.5</b>
Exceptional items	(6.1)	-	(1.8)
Intangible amortisation (post-tax)	1.8	-	0.5
<b>Basic earnings before exceptional items and intangible amortisation</b>	<b>62.6</b>	<b>326.6</b>	<b>19.2</b>
Share options	-	2.8	(0.2)
Employee share and incentive schemes	-	4.3	(0.2)
<b>Diluted earnings before exceptional items and intangible amortisation</b>	<b>62.6</b>	<b>333.7</b>	<b>18.8</b>

## 6. EARNINGS PER SHARE (continued)

Six months ended 30 June 2007

	Earnings £ million	Weighted average shares number million	Earnings per share pence
Basic earnings from continuing operations	49.9	328.8	15.2
Exceptional items	(16.7)	-	(5.1)
Intangible amortisation	<u>1.2</u>	<u>-</u>	<u>0.4</u>
Basic earnings before exceptional items and intangible amortisation	34.4	328.8	10.5
Share options	-	4.0	(0.1)
Employee share and incentive schemes	<u>-</u>	<u>5.9</u>	<u>(0.2)</u>
Diluted earnings before exceptional items and intangible amortisation	<u>34.4</u>	<u>338.7</u>	<u>10.2</u>

Year ended 31 December 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 (post-tax)	<u>1.9</u>	<u>-</u>	<u>0.6</u>
Basic earnings before exceptional items and intangible amortisation	94.3	328.7	28.7
Share options	-	2.5	(0.2)
Employee share and incentive schemes	<u>-</u>	<u>5.3</u>	<u>(0.5)</u>
Diluted earnings before exceptional items and intangible amortisation	<u>94.3</u>	<u>336.5</u>	<u>28.0</u>

## 7. DIVIDENDS

After the balance sheet date the directors declared a dividend of 5.3 pence per share payable on 2 January 2009 to equity holders on the register at the close of business on 28 November 2008. This dividend has not been provided for and there are no income tax consequences for the company.

Dividends totalling £15.5 million were paid during the six months ended 30 June 2008.

## 8. INTANGIBLE ASSETS

	Goodwill £ million	Software £ million	Other £ million	Total £ million
Cost:				
As at 1 January 2007	214.9	6.2	12.2	233.3
Exchange and other movements	9.0	(0.8)	(0.1)	8.1
Additions	-	0.1	-	0.1
Disposal of businesses	-	(0.5)	-	(0.5)
<b>As at 30 June 2007</b>	<b>223.9</b>	<b>5.0</b>	<b>12.1</b>	<b>241.0</b>
As at 1 January 2008	245.4	5.9	13.0	264.3
Exchange and other movements	(4.9)	-	(0.4)	(5.3)
Acquisition of businesses	70.8	-	32.7	103.5
Additions	-	1.1	-	1.1
<b>As at 30 June 2008</b>	<b>311.3</b>	<b>7.0</b>	<b>45.3</b>	<b>363.6</b>
Amortisation:				
As at 1 January 2007	27.0	3.2	5.5	35.7
Exchange and other movements	1.8	(0.1)	(0.2)	1.5
Provided during the period	-	0.5	0.7	1.2
Disposal of businesses	-	(0.5)	-	(0.5)
<b>As at 30 June 2007</b>	<b>28.8</b>	<b>3.1</b>	<b>6.0</b>	<b>37.9</b>
As at 1 January 2008	30.0	4.2	6.3	40.5
Exchange and other movements	(0.7)	-	(0.1)	(0.8)
Provided during the period	-	0.1	2.5	2.6
<b>As at 30 June 2008</b>	<b>29.3</b>	<b>4.3</b>	<b>8.7</b>	<b>42.3</b>
Net book value:				
<b>As at 30 June 2008</b>	<b>282.0</b>	<b>2.7</b>	<b>36.6</b>	<b>321.3</b>
As at 30 June 2007	195.1	1.9	6.1	203.1

## 9. NON-CURRENT LIABILITIES

Other payables of £22.5 million (2007: £nil) includes the long term element of deferred and contingent consideration on the acquisitions in the period.

## 10. PROVISIONS

The nature and measurement bases of the group's provisions are unchanged from those presented in the last annual report.

	Six months ended 30 June 2008				
	Litigation £ million	Indemnities and other liabilities on disposals £ million	Insurance £ million	Onerous property contracts £ million	Total £ million
As at 1 January 2008	71.5	78.9	39.9	9.1	199.4
Exchange movements	-	3.4	-	-	3.4
Utilised	(7.7)	(3.1)	-	(0.1)	(10.9)
Charged/(credited) to the income statement:					
Additional provisions	11.6	-	3.1	0.2	14.9
Unused amounts reversed	(14.6)	(4.4)	-	-	(19.0)
<b>As at 30 June 2008</b>	<b>60.8</b>	<b>74.8</b>	<b>43.0</b>	<b>9.2</b>	<b>187.8</b>

	Six months ended 30 June 2007				
	Litigation £ million	Indemnities and other liabilities on disposals £ million	Insurance £ million	Onerous property contracts £ million	Total £ million
As at 1 January 2007	85.3	53.6	25.8	9.1	173.8
Exchange movements	(1.0)	-	-	-	(1.0)
Utilised	(6.5)	(3.5)	-	-	(10.0)
Charged/(credited) to the income statement:					
Additional provisions	4.0	4.0	1.7	-	9.7
Unused amounts reversed	(9.7)	(5.0)	-	(1.3)	(16.0)
Transfer from payables	5.7	-	-	-	5.7
	77.8	49.1	27.5	7.8	162.2
Reclassified as held for sale	(3.7)	-	-	-	(3.7)
<b>As at 30 June 2007</b>	<b>74.1</b>	<b>49.1</b>	<b>27.5</b>	<b>7.8</b>	<b>158.5</b>

## 11. RECONCILIATION OF MOVEMENTS IN TOTAL EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

	Six months ended 30 June 2008 £ million	Six months ended 30 June 2007 £ million	Year ended 31 December 2007 £ million
Total recognised income and expense attributable to equity holders of the company	55.1	71.1	434.3
Dividends	(28.6)	(26.4)	(41.3)
Shares issued	1.2	8.9	10.7
Equity settled share-based payments	4.5	5.4	5.3
(Acquisition)/disposal of shares by trustees of the Performance Share Plan 2002	(9.3)	-	0.3
Acquisition of treasury shares	(25.5)	(14.7)	(21.5)
Cumulative gains and losses transferred from the hedging and translation reserves on disposal of businesses	-	0.4	10.8
Net (decrease)/increase in total equity	(2.6)	44.7	398.6
Total equity as at beginning of the period	892.6	494.0	494.0
<b>Total equity as at end of the period attributable to the equity holders of the company</b>	<b>890.0</b>	<b>538.7</b>	<b>892.6</b>

## SHARE BUYBACKS

A total of 3,200,000 ordinary shares was purchased during the six months ended 30 June 2008 and will be held as treasury shares. Of these, 2,450,000 were purchased specifically to satisfy the group's share plan awards. 750,000 ordinary shares were purchased under the share buyback programme during the six months ended 30 June 2008.

## 12. ANALYSIS OF NET CASH

	<b>30 June 2008 £ million</b>	30 June 2007 £ million	31 December 2007 £ million
Cash at bank and in hand	122.1	431.2	720.4
Short-term investments	478.8	21.2	13.7
Cash and cash equivalents disclosed on the balance sheet	<b>600.9</b>	452.4	734.1
Overdrafts	<b>(0.1)</b>	(8.1)	(0.7)
	<b>600.8</b>	444.3	733.4
Cash and cash equivalents (including overdrafts) classified as held for sale	-	26.1	-
<b>Total cash and cash equivalents</b>	<b>600.8</b>	470.4	733.4
Current debt	-	-	(0.1)
Non-current debt	-	-	(0.1)
Debt classified as held for sale	-	(14.9)	-
<b>Net cash as at the end of the period</b>	<b>600.8</b>	455.5	733.2

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

	<b>30 June 2008 £ million</b>	30 June 2007 £ million	31 December 2007 £ million
Net cash disclosed on the balance sheet	600.8	444.3	733.2
Net cash classified as held for sale	-	11.2	-
<b>Total net cash as at the end of the period</b>	<b>600.8</b>	455.5	733.2

## 13. SHARE-BASED PAYMENTS

Share awards granted during the period under the Performance Share Plan 2002 are as follows:

	<b>Weighted average fair value 2008</b>	<b>Number of shares 2008</b>
Share awards granted during the period	<b>493p</b>	<b>1,096,093</b>

The terms and conditions of the Performance Share Plan 2002 are disclosed in the consolidated financial statements as at and for the year ended 31 December 2007.

The fair value of the award was measured using the Monte Carlo model and the inputs are as follows:

	<b>2008</b>
Weighted average fair value at measurement date	<b>493p</b>
Share price	<b>718p</b>
Expected share price volatility	<b>26%</b>
Expected dividend yield	<b>2.0%</b>
Comparator share price volatility	<b>27%</b>
Correlation between two companies in comparator group	<b>33%</b>

The basis of measuring fair value is consistent with that disclosed in the consolidated financial statements as at and for the year ended 31 December 2007.

## 14. ACQUISITIONS

All the following purchases have been accounted for as acquisitions. Due to the proximity of these acquisitions to the period end, this initial accounting for these acquisitions has been determined only provisionally. None of the businesses acquired made a material contribution to consolidated revenue and profit in the period from their acquisition to 30 June 2008. Their revenue and profit for the six month period ending 30 June 2008 were also not material to the group.

Intangible assets recognised at fair value on the acquisition of these businesses included brands, trade names, customer relationships, order backlogs and non-compete agreements.

### Rider Hunt International (RHI)

On 2 April 2008, the group acquired all 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 £ million	Fair value adjustments £ million	Recognised value £ million
Property, plant and equipment	0.2	-	0.2
Intangible assets	-	10.2	10.2
Trade and other receivables	6.9	-	6.9
Cash and cash equivalents	0.1	-	0.1
Trade and other payables	(2.4)	-	(2.4)
Deferred tax liability	-	(2.9)	(2.9)
Net identifiable assets and liabilities	4.8	7.3	12.1
Goodwill on acquisition			13.5
			<u>25.6</u>
Consideration			
Cash			25.2
Cost of acquisition			<u>0.4</u>
			<u>25.6</u>

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 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 £ million	Fair value adjustments £ million	Recognised value £ million
Property, plant and equipment	0.3	-	0.3
Intangible assets	-	10.4	10.4
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	-	(2.8)	(2.8)
Net identifiable assets and liabilities	0.3	6.9	7.2
Goodwill on acquisition			29.7
			<u>36.9</u>
Consideration			
Cash – paid on completion			17.6
– deferred			5.0
– contingent			14.1
Cost of acquisition			<u>0.2</u>
			<u>36.9</u>

#### 14. ACQUISITIONS (continued)

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

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 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 £ million	Fair value adjustments £ million	Recognised value £ million
Property, plant and equipment	1.3	-	1.3
Intangible assets	-	9.5	9.5
Trade and other receivables	16.0	-	16.0
Cash and cash equivalents	1.2	-	1.2
Trade and other payables	(6.4)	-	(6.4)
Deferred tax liability	(0.9)	(3.9)	(4.8)
Net identifiable assets and liabilities	11.2	5.6	16.8
Goodwill on acquisition			23.8
			<u>40.6</u>
Consideration			
Cash – paid on completion			32.3
– deferred			7.7
Cost of acquisition			<u>0.6</u>
			<u>40.6</u>

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 recognition.

##### Other

A number of other immaterial acquisitions were made in the period ended 30 June 2008 for £5.3 million in cash paid on completion with the assumption of cash of £0.3 million. A further £1.3 million of conditional consideration may be paid in respect of one of these acquisitions. The aggregate fair value of identifiable net assets was £3.8 million excluding cash assumed and after recognising minority interests of £1.3 million the aggregate goodwill arising on acquisitions was £3.8 million. The aggregate book value of net assets acquired was £1.1 million excluding cash.

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 recognition.

#### 15. CONTINGENT LIABILITIES

There have been no significant changes to contingent liabilities during the six months ended 30 June 2008.

## 16. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2008 there were a number of transactions with joint venture entities and subsidiary companies.

The transactions and related balances outstanding with joint ventures and associates are as follows:

	Value of transactions		Outstanding balance as at 30 June	
	Six months ended 30 June 2008 £ million	Six months ended 30 June 2007 £ million	2008 £ million	2007 £ million
Services rendered	56.6	31.2	8.3	2.3
Services received	-	1.0	-	0.2

There have been no significant changes in related party transactions since those described in the last annual report.

## 17. POST BALANCE SHEET EVENTS

On 22 July 2008, AMEC plc announced the acquisition of AllDeco, s.r.o. for a total cash consideration of £11.1 million. £7.8 million was paid at closing, with the balance to be paid over the next three years, subject to the achievement of agreed performance targets.

## **RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE HALF-YEARLY FINANCIAL REPORT**

We confirm that to the best of our knowledge:

- The condensed set of accounts has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU.
- The interim management report includes a fair review of the information required by:
  - DTR 4.2.7R of the “Disclosures and Transparency Rules”, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - DTR 4.2.8R of the “Disclosure and Transparency Rules”, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

**J M GREEN-ARMYTAGE**  
Chairman

**S Y BRIKHO**  
Chief Executive

28 August 2008

## **INDEPENDENT REVIEW REPORT BY KPMG AUDIT Plc TO AMEC plc**

### **Introduction**

We have been engaged by the company to review the condensed set of accounts in the half-yearly financial report for the six months ended 30 June 2008 which comprises the condensed consolidated Income Statement, condensed consolidated Statement of Recognised Income and Expense, condensed consolidated Balance Sheet, condensed consolidated Cash Flow Statement and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

### **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 1, the annual accounts of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

### **Our responsibility**

Our responsibility is to express to the company a conclusion on the condensed set of accounts in the half-yearly financial report based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Review conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of accounts in the half-yearly financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

**KPMG Audit Plc**  
Chartered Accountants  
Manchester  
28 August 2008