


AMEC plc interim report 2007

**Delivering
performance
and value**





AMEC plc is a focused supplier of high-value consultancy, engineering, and project management services to the world's energy, power and process industries. With annual revenues of over £2.2 billion, AMEC designs, delivers and maintains strategic and complex assets for its customers.

AMEC's Natural Resources, Power and Process and Earth and Environmental businesses employ approximately 18,000 people in more than 25 countries globally.

AMEC shares are traded on the London Stock Exchange where the company is listed in the Support Services Sector (LSE: AMEC.L).

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Highlights

- Pre-tax profit* up 127% to £48 million (H1 2006: £21 million)
- Record performance in all three core divisions
- Overall expectations for 2007 pre-tax profit* increased by £5 million
- Interim dividend increased 10% to 4.6p per share
- Divestment of non-core businesses effectively complete; expected FY 2007 net post-tax gain not less than £210 million
- Expected net cash post divestments c.£600 million as at 31 December 2007**
- STEP Change programme completed ahead of schedule; 2008 benefit up from £35 million to at least £40 million

Six months ended 30 June	2007 £ million	2006 £ million	change
Continuing operations:			
Revenue	1,152.9	1,009.3	+14%
Profit before intangible amortisation, exceptional items* and income tax	48.2	21.2	+127%
Profit/(loss) before income tax	66.9	(24.7)	nm
Profit from discontinued operations before exceptional items	5.0	11.3	nm
Profit/(loss) from discontinued operations	1.4	(14.4)	nm
Diluted earnings per share from continuing operations before intangible amortisation and exceptional items	10.2p	4.5p	+127%
Diluted earnings per share	15.1p	(12.6)p	nm
Interim dividend per share	4.6p	4.2p	+10%

nm: not meaningful

*Profit for continuing operations before intangible amortisation of £1.2 million (2006: £2.8 million) and pre-tax exceptional profits of £19.9 million (2006: charges of £43.1 million).

**Assuming divestments complete as expected and before further share buybacks.

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.

Chairman's statement



Jock Green-Armytage
Chairman

We have made tremendous progress during 2007, delivering on the strategy Samir Brikho first outlined in December 2006. AMEC is already a very different company to that which you saw this time last year and this is recognised in the strong share price performance over the period. AMEC's market capitalisation has more than doubled, from £1 billion to more than £2 billion today.

"STEP Change" is the name we gave to our cultural and structural change programme. We recognised that AMEC needed to become leaner and fitter if it was to be successful for the long term. The results have exceeded our December expectations. We will not only deliver a greater quantum of savings than we originally identified, but have implemented them faster. STEP Change is now complete and the benefits generated will support our commitment to a six per cent profit* margin in 2008.

In December 2006, we announced our intention to divest the non-core Built Environment businesses. This programme has been very successful and is now essentially complete. Since the sale of SPIE in July 2006, we have raised £1 billion from the sale of non-core businesses and expect to have net cash of around £600 million upon completion of the programme**.

We have achieved a record first half trading performance in each of the Natural Resources, Power and Process and Earth and Environmental businesses. The profit before intangible amortisation, exceptional items and income tax of £48.2 million for continuing businesses was 127 per cent above the same period last year. Our end markets remain strong and we have raised our overall expectations for pre-tax profit in 2007. The interim dividend is increased by 10 per cent to 4.6 pence and the board aims to rebuild sustainable dividend cover from its 2006 level to a target level of over two times.

We will recommence the share buyback programme and expect to return up to £85 million to shareholders in this way, over and above the £15 million spent earlier this year.

I would like to thank James Dallas and John Early for their contribution to AMEC. James Dallas was a non-executive director of AMEC from 1999 until May of this year. John Early retired from the board and his executive duties at the end of July, having been an executive director since 1986. Both were valued board colleagues and their support over the years has been very much appreciated.

The business is now firmly under control, allowing us to look forward with confidence. Samir Brikho, his management team and all the employees of AMEC have worked tirelessly to achieve so much in such a short time. AMEC is now focused on the energy, power and process markets; its margins are improving; its balance sheet is strong; and it is well positioned for the next phase of its development. The future is indeed exciting.

6 September 2007

*Earnings before interest, tax and amortisation.

**Net cash at 31 December 2007, assuming disposals complete as expected and before further share buybacks.

Business and financial review



Samir Brikho
Chief executive

These are strong results and demonstrate that AMEC is delivering sustainable improvements in performance. The STEP Change programme has been completed ahead of schedule and 2008 benefits of at least £40 million are greater than originally committed. The divestment programme is effectively complete, good progress is being made with legacy issues and the balance sheet is strong.

All of AMEC's end markets are buoyant and the board is confident that margin targets of six per cent in 2008 and eight per cent in 2010 will be delivered.

AMEC is now well prepared for the next phase of its development and has an exciting future as a focused supplier of high value consultancy, engineering and project management services to clients in the energy, power and process industry sectors.

Financial highlights

Revenue for the six months ended 30 June 2007 increased by 14 per cent to £1,153 million (2006: £1,009 million), reflecting strong growth in the Natural Resources and Power and Process businesses.

Pre-tax profit before intangible amortisation and exceptional items from continuing operations of £48.2 million was 127 per cent ahead of last year (2006: £21.2 million) and well above the board's December 2006 expectations. Excluding £10.2 million of one-off costs relating to the STEP Change programme, pre-tax profit was 175 per cent higher at £58.4 million. Performance was strong in all three core divisions of the business. Results also benefited from a £14.1 million improvement

in net financing income, which arose from the divestment of AMEC SPIE in July 2006 and from on-going good cash management.

There were pre-tax exceptional profits of £19.9 million (2006: charges of £43.1 million) and intangible amortisation of £1.2 million (2006: £2.8 million), resulting in pre-tax profit from continuing operations of £66.9 million (2006: loss of £24.7 million).

Diluted earnings per share from continuing operations were 10.2 pence (2006: 4.5 pence).

Post-tax profit before exceptional items from discontinued operations was £5.0 million. There were post-tax exceptional credits of £3.3 million and the post-tax loss on disposal of pipeline construction activities was £6.9 million, giving a total post-tax profit for the period of £1.4 million.

The interim dividend is increased by 10 per cent to 4.6 pence per share (2006: 4.2 pence).

Outlook 2007

End markets for each of AMEC's businesses remain strong. The board's overall expectations for pre-tax profit* in 2007 are increased by £5 million, mainly reflecting the strength of trading and the group's improved cash position.

Dividend policy

The board has reviewed the group's dividend policy and intends to rebuild earnings per share dividend cover from its 2006 level to a target level of over two times.

*Profit before intangible amortisation, exceptional items and income tax.

Basis of reporting and discontinued activities 2007

The non-core Built Environment businesses are now treated as discontinued operations. The comparative segmental results for the six months ended 30 June 2006 and the year ended 31 December 2006 have been restated to reflect this change and some minor business restructuring. These restatements are consistent with the announcement made on 25 June 2007.

Business and financial review

continued

Capital structure and share buybacks

Average weekly net cash for the seven months ended 31 July 2007 was £350 million. Net cash as at 30 June 2007, including cash classified as held for sale on the balance sheet, was £455.5 million (31 December 2006: £387.1 million).

In December 2006, AMEC announced its intention to return up to £100 million to shareholders by way of a share buyback programme. To date 2.85 million shares have been bought in the market to be held in treasury, at a total cost of £15 million. The board confirms its expectation that the buyback programme will recommence, with the balance of up to £85 million being returned to shareholders in 2007 and beyond.

Upon completion of the divestment programme of non-core businesses, and subject to all consents being received, net cash at 31 December 2007 is expected to be c.£600 million. Taking account of the commitment to further share buybacks of up to £85 million, and advance cash and other factors of £100 million, cash available to the group is expected to be c.£400 million. With a current internal debt ceiling of c.£200 million, resources available for investment in the business should be in excess of £600 million.

During the first eight months of 2007, AMEC has successfully delivered the STEP Change programme and effectively completed the divestment of non-core businesses. With this restructuring phase complete, AMEC is now well prepared for the next phase of its development and sees major opportunities to grow organically and by strategic acquisition.

Segmental review

Amounts and percentage movements relating to segmental activities are stated for continuing operations.

Amounts relating to segmental earnings before interest, tax and amortisation ("EBITA") are stated before corporate costs of £21.3 million (2006: £10.3 million) and pre-tax exceptional profits of £19.9 million (2006: charges of £43.1 million), but including joint venture profit before tax of £0.9 million (2006:£1.3 million).

The average number of employees is stated for the six months ended 30 June 2007 and the year ended 31 December 2006.

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) and order book are stated as at 30 June 2007 and 31 December 2006.

Commentary for each of AMEC's principal segments of activity follows.

Natural Resources

Natural Resources comprises AMEC's activities in Oil and Gas Services (c.70 per cent of annualised revenues), Oil Sands (engineering and infrastructure, c.15 per cent of annualised revenues) and Metals and Minerals Mining (c.15 per cent of annualised 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) each account for approximately half of annualised revenues. Profit is weighted towards capex, which accounts for some two thirds of annualised EBITA.

Revenue for the period, excluding lump-sum fabrication which has now ceased, increased by 29 per cent to £498.4 million, driven by strength in each of the principal areas of activity.

EBITA increased by 39 per cent to £37.2 million (2006: £26.7 million), with EBITA margin excluding lump-sum fabrication increasing to 7.5 per cent (2006: 6.9 per cent).

Net assets declined by 19 per cent to £57.5 million, mainly reflecting settlement of the last outstanding lump sum contracts delivered by the business.

The Natural Resources order book has increased by 11 per cent since the year-end, to £1.14 billion.

AMEC has continued to win business both from existing clients and from new clients around the world. Major awards during the year to date include a five-year consultancy and engineering services contract with Kuwait National Petroleum Company covering upgrades, refurbishment and modifications on Kuwait's three existing refineries; a 15-month extension to an AMEC joint venture's operations and maintenance contract with ConocoPhillips Australia for the Bayu-Undan Offshore Development located in the Timor Sea; a contract awarded by PotashCorp to design and manage expansion of its Cory Potash Mine in Saskatchewan, Canada; and a contract with Fairfield Energy Limited to provide a range of consultancy services that are integral to its acquisition of Dunlin assets in the UK North Sea. Fairfield has also entered into exclusive negotiations with AMEC for the provision of 'duty holder' services in relation to the assets. Further details on these and other contract awards may be found at www.amec.com/media.

£ million	2007	2006	change
Revenue	498.4	385.6*	+29%
EBITA	37.2	26.7*	+39%
EBITA margin	7.5%	6.9%*	+0.6pts
Average employees	7,950	6,750	+18%
Net assets	57.5	71.3	-19%
Order book	£1.14bn	£1.03bn	+11%

*Excluding lump-sum fabrication, now ceased (2006 revenue: £66.5 million).



Natural Resources

continued

Acquisitions

The Natural Resources business is targeting growth through acquisition in services related to its core oil and gas services activities and to in-situ oil sands. It is also seeking acquisition opportunities which would provide capacity and geographical expansion in oil and gas and in minerals and metals mining.

Consistent with this strategy, in July 2007, Natural Resources increased its presence in the Caspian frontier region through the acquisition of a 60 per cent interest in Kazakh oilfield services company Batys Kazakhstan Kuat Service Limited, for c.£5 million.

In August 2007, AMEC and Malaysian company MMC created a joint company to deliver project management and engineering services to oil and gas customers in the expanding Malaysian and Asian markets. The new company will serve as AMEC's Far Eastern engineering hub and will work in conjunction with its engineering centres of excellence in Europe and the Americas.

AMEC sees further opportunities for acquired growth during 2007 and beyond.

Outlook

End markets in Natural Resources remain strong. Major opportunities are being pursued in frontier regions and further successes are anticipated during 2007.

AMEC expects Natural Resources performance in 2008 to be at the upper end of the target EBITA margin range of between seven and eight per cent.

Power and Process

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

Annualised revenues are split between each of the three principal areas of activity in Power and Process as follows: UK Industrial c.45 per cent, Americas Industrial c.33 per cent and Nuclear c.22 per cent.

Revenue for the period increased by 35 per cent to £492.3 million (2006: £366.0 million), with strong growth in the UK and Americas Industrial businesses.

EBITA for the period increased by 84 per cent to £18.6 million (2006: £10.1 million), reflecting particularly strong performance in the UK and Americas Industrial businesses. Overall EBITA margin, before one-off STEP Change costs of £2.4 million, increased strongly to 4.3 per cent (2006: 2.8 per cent), reflecting improved management focus and a stronger pricing environment.

Net liabilities declined by 29 per cent to £39.1 million (31 December 2006: £55.2 million), largely as a result of an exceptional provision release following the resolution of a major legacy dispute.

The business has been more selective in new work taken on and a minimum gross margin of eight per cent now applies to all new contracts. This increased focus on margin resulted in a 12 per cent decline in the order book during the first half of 2007, as the backlog associated with historic lower margin contracts has declined. Major awards in the year to date include a contract for conceptual and detailed engineering design, environmental and project management services on Stage 1 of National Grid's 91 kilometre gas pipeline from Easington to Hatton, UK; a five-year contract with British Energy for engineering and project management services on three of its nuclear power plants in the UK and a contract with Southern Company to install new clean-air systems on two 865-megawatt coal-fired boilers in Georgia, US. Further details on these and other contract awards may be found at www.amec.com/media.

Acquisitions

The UK nuclear market offers significant growth opportunities in the Tier 1 decommissioning market and in defence. Consistent with the focus on margin in the Industrial businesses, AMEC is in the final stages of acquiring a low cost engineering business in Latin America, with completion expected later in 2007.

£ million	2007	2006	change
Revenue	492.3	366.0	+35%
EBITA	18.6	10.1	+84%
EBITA margin	3.8%	2.8%	+1.0pts
Average employees	6,150	4,925	+25%
Net liabilities	(39.1)	(55.2)	+29%
Order book	£1.27bn	£1.44bn	-12%



Power and Process

continued

Wind Energy

AMEC is involved with the development of wind energy projects in the UK, where it has an onshore portfolio of around 1,100MW. In addition, engineering and construction services are provided to clients in the US and Canada. AMEC intends to leverage its product offering in wind energy across North America and the UK.

Results include the net costs of progressing AMEC's UK portfolio of wind developments, which over the four years ending December 2007 are expected to have reached £17 million. Despite having received formal planning approval in May 2007, the 23 megawatt Edinbane project is now being challenged in the Scottish Courts.

Management

Tim Watson, President of the Power and Process division, left the company in July 2007 for personal reasons and to take up a position with a major Canadian mining company. Samir Brikho, Chief Executive, has assumed control of the division pending the appointment of his successor.

Outlook

End markets in Power and Process remain strong. The industrial businesses in UK and Americas are expected to deliver strong top-line growth and improved margin performance in 2007.

In 2008, the focus of the business will be on margin improvement, even at the expense of revenue growth.

AMEC continues to target an EBITA margin for Power and Process of between five and seven per cent in 2008.

Earth and Environmental

AMEC's Earth and Environmental business provides specialist environmental, geotechnical, programme management and consultancy services to a broad range of clients in the public and private sectors, primarily in North America. The business has strong positions in certain end market sectors, notably natural resources (c.20 per cent of annualised revenues), US Federal (c.40 per cent of annualised revenues) and other private and public sector markets (c.40 per cent of annualised revenues). Earth and Environmental operates from a regional network and is characterised by a large number of small value contracts.

Revenue for the period increased by 4 per cent at constant rates of exchange, with EBITA up by 46 per cent on the same basis. Performance was particularly strong in the natural resources sector in Western Canada and Federal in the US, but was tempered by reduced activity in Iraq. EBITA margin increased by almost 50 per cent to 6.4 per cent (2006: 4.4 per cent), with further improvement expected in the second half.

Net assets at the period end of £36.5 million (30 June 2006: £29.6 million) reflected the normal seasonal pattern for the business.

£ million	2007	2006	change
Revenue	140.1	151.6	-8%
EBITA	8.9	6.7	+33%
EBITA margin	6.4%	4.4%	+2.0pts
Average employees	3,175	3,100	+2%
Net assets	36.5	19.0	+92%

Acquisitions

The Earth and Environmental industry is large and fragmented, presenting opportunities for small bolt-on acquisitions. The business is targeting growth through acquisition in services related to its core activities, together with capacity and geographical expansion.

During the first eight months of 2007, two small environmental consultancies were acquired.

Outlook

End markets for environmental services remain strong and AMEC expects the Earth and Environmental business to deliver another strong performance in 2007 despite weakness of the dollar.

AMEC continues to target an EBITA margin for the Earth and Environmental business of between six and eight per cent in 2008.

Investments and other activities

Investments and other activities includes ongoing PPP activities in Korea and support services in the UK, together with activities in Rail (now sold), Hong Kong and certain US construction markets where operations were completed during the first half of 2007. Net liabilities include provisions for indemnities granted on the disposal of AMEC SPIE and most of the litigation and settlement provisions relating to legacy issues.

Revenue for the period halved, as expected, to £31.2 million (2006: £59.5 million), with profit of £0.3 million (2006: loss £2.2 million) reflecting the sale of activities in Rail and reduced levels of activity in Hong Kong and the US.

Profits at the full year will be significantly below those achieved in 2006 (2006: £12.8 million) as the range of activities is reduced.

£ million	2007	2006	change
Revenue	31.2	59.5	-48%
EBITA	0.3	(2.2)	nm
EBITA margin	1.0%	(3.7)%	nm
Average employees	350	475	-26%
Net liabilities	(117.3)	(109.4)	-7%

nm: not meaningful

Strategic restructuring

STEP Change successfully completed

In October 2006, AMEC launched "STEP Change", a programme of change in the structure and culture of the company. The programme was completed ahead of schedule on 5 September 2007 and exceeded all original expectations. Compared with the 2006 baseline, benefits of at least £40 million for the continuing businesses are now expected in 2008, up from an initial commitment in March 2007 of £35 million.

First half results include one-off STEP Change costs of £10 million. For the full year, total costs of the programme are expected to be £16 million, resulting in net savings of £7 million in 2007.

Operational Excellence

Following the successful completion of STEP Change, AMEC is proceeding with "Operational Excellence", a two year programme designed to radically improve operating performance. Operational Excellence will be a major contributor to AMEC delivering its target margin of 8 per cent by 2010.

The programme is packaged into 12 elements identified as those most important to achieving high performance across the group. AMEC intends to improve the quality of the business portfolio and service delivery to customers; and to simplify and optimise internal controls and processes.

- Cash management
- Commercial management
- Customer acquisition and relationship management
- Employee development
- Financial control
- Health and safety
- Information technology
- Project management and engineering
- Strategic marketing
- Supply chain management
- Sustainability
- Time based management

Further details about Operational Excellence will be communicated at the end of 2007.

Divestment of non-core businesses

The divestment of non-core activities is now effectively complete. Aggregate cash proceeds from the divestment programme before costs and tax are expected to be c.£340 million.

Built Environment

On 12 July 2007, AMEC and Land Securities Trillium agreed terms for divestment of the management team and nine underlying PPP assets of the Project Investments business for £163.5 million. Major consents are required from public authorities and co-shareholders and lenders in the PFI projects. Completion is expected by 31 October 2007.

On 27 July 2007, the divestment of the Property Developments and UK Building and Civil Engineering businesses to Morgan Sindall plc was completed for a premium of £55 million to the aggregate net assets as at 30 April 2007.

Strategic restructuring

continued

On 3 August 2007, AMEC and SPIE S.A. agreed terms for divestment of the Building and Facilities Services business for £117 million. Completion is expected in September 2007.

The divestment of non-core Built Environment businesses will be accounted for in the second half of 2007. The aggregate post-tax net exceptional gain is expected to be not less than £210 million. If one major PPP concession is retained due to complex pre-emption rights, the net gain is expected to be not less than £150 million.

AMEC has ongoing responsibility for latent defects on all completed projects and is currently dealing with final accounts/ongoing issues of any significance relating to six completed UK construction contracts. Of these, two contracts have been settled and the board remains confident that the remaining issues can be dealt with within the provisions previously made.

Peripheral activities

Five peripheral non-core businesses were divested during the first half of 2007:

Continuing activities

- AMEC SPIE Rail
- Dynamic Structures

Discontinued activities

- AMEC SPIE Capag
- Buchan Concrete Solutions
- Midwest Pipelines

These divestments generated an aggregate first half post-tax gain of £9.7 million. Further details of the exceptional profits are set out in note 3.

Settlement of litigation and other legacy issues

AMEC is making substantial progress with its strategy of settlement of disputes where reasonable to do so.

In its 2006 accounts, AMEC noted six major contingent liabilities.

- On 25 June 2007, AMEC announced that settlement had been reached on the Jordan Magnesite Company Ltd. (Jordan), and Thelwall Viaduct (UK) disputes. Settlement was well within the provisions previously made
- Positive progress has been made on the San Francisco Jail (US) and Florida development (US)
- A further hearing of the Courthouses (US) dispute is expected in the fourth quarter of 2007
- As expected, the World Trade Center (US) will remain a long-term contingent liability

Provisions currently held for future costs of litigation total £75 million (31 December 2006: £90 million).

The board has reviewed the overall level of provisions associated with the above. Confidence in the overall level of provisioning has increased, with the board deciding to make a net pre-tax release of exceptional provisions of £8 million (£3.3 million continuing; £4.7 million discontinued). Further details of the exceptional profits are set out in note 3.

Corporate costs and board changes

Corporate costs

As a result of one-off costs of £6.6 million associated with the STEP Change programme, and increased charges of £2.7 million in respect of share-based payments, corporate costs increased from £10.3 million in the first half of 2006 to £21.3 million in the first half of 2007.

Board changes

James Dallas stood down as a non-executive director of AMEC plc at the conclusion of the Annual General Meeting on Wednesday 16 May 2007. Mr Dallas had been a director since 28 October 1999.

With the group's divestment programme effectively complete, John Early retired from the board and his executive duties on 31 July 2007. Mr Early had been an executive director of AMEC since March 1986 and was latterly responsible for the Built Environment businesses.

Consolidated income statement

Six months ended 30 June 2007					
	Note	Before exceptional items £ million	Exceptional items arising from litigation and separation costs (note 3) £ million	Exceptional profits/(costs) of exiting businesses and markets (note 3) £ million	Total £ million
Continuing operations					
Revenue	2	1,152.9	–	–	1,152.9
Cost of sales		(1,010.4)	10.3	0.5	(999.6)
Gross profit		142.5	10.3	0.5	153.3
Administrative expenses		(100.9)	–	–	(100.9)
(Loss)/profit on business disposals and closures		–	(4.0)	13.1	9.1
Profit before net financing costs		41.6	6.3	13.6	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
Profit before income tax	2	47.0	6.3	13.6	66.9
Income tax	4	(13.8)	(3.0)	(0.2)	(17.0)
Profit for the period from continuing operations		33.2	3.3	13.4	49.9
Profit/(loss) for the period from discontinued operations	5	5.0	3.3	(6.9)	1.4
Profit for the period		38.2	6.6	6.5	51.3
Attributable to:					
Equity holders of the company					51.3
Minority interests					–
					51.3
Basic earnings per share:	6				
Continuing operations					15.2p
Discontinued operations					0.4p
					15.6p
Diluted earnings per share:	6				
Continuing operations					14.7p
Discontinued operations					0.4p
					15.1p

Consolidated income statement

continued

Six months ended 30 June 2006					
	Note	Before exceptional items £ million	Exceptional items arising from litigation and separation costs (note 3) £ million	Exceptional profits/(costs) of exiting businesses and markets (note 3) £ million	Total £ million
Continuing operations					
Revenue	2	1,009.3	–	–	1,009.3
Cost of sales		(890.1)	(5.0)	(13.0)	(908.1)
Gross profit/(loss)		119.2	(5.0)	(13.0)	101.2
Administrative expenses		(92.3)	–	–	(92.3)
Loss on business disposals and closures		–	(15.0)	(10.1)	(25.1)
Profit/(loss) before net financing costs		26.9	(20.0)	(23.1)	(16.2)
Financial income		5.3	–	–	5.3
Financial expense		(14.7)	–	–	(14.7)
Net financing costs		(9.4)	–	–	(9.4)
Share of post-tax results of joint ventures and associates		0.9	–	–	0.9
Profit/(loss) before income tax	2	18.4	(20.0)	(23.1)	(24.7)
Income tax	4	(6.1)	–	3.9	(2.2)
Profit/(loss) for the period from continuing operations		12.3	(20.0)	(19.2)	(26.9)
Profit/(loss) for the period from discontinued operations	5	11.3	(10.5)	(15.2)	(14.4)
Profit/(loss) for the period		23.6	(30.5)	(34.4)	(41.3)
Attributable to:					
Equity holders of the company					(41.1)
Minority interests					(0.2)
					(41.3)
Basic loss per share:	6				
Continuing operations					(8.2)p
Discontinued operations					(4.4)p
					(12.6)p
Diluted loss per share:	6				
Continuing operations					(8.2)p
Discontinued operations					(4.4)p
					(12.6)p

Consolidated income statement

continued

Year ended 31 December 2006					
	Note	Before exceptional items £ million	Exceptional items arising from litigation and separation costs (note 3) £ million	Exceptional profits/(costs) of exiting businesses and markets (note 3) £ million	Total £ 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		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	2	75.8	(56.7)	(46.1)	(27.0)
Income tax	4	(22.5)	4.9	2.4	(15.2)
Profit/(loss) for the period from continuing operations		53.3	(51.8)	(43.7)	(42.2)
Profit/(loss) for the period from discontinued operations	5	0.5	(16.4)	277.3	261.4
Profit/(loss) for the period		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:	6				
Continuing operations					(13.3)p
Discontinued operations					80.2p
					66.9p
Diluted (loss)/earnings per share:	6				
Continuing operations					(13.3)p
Discontinued operations					80.2p
					66.9p

Consolidated statement of recognised income and expense

		Six months ended 30 June 2007 £ million	Six months ended 30 June 2006 £ million	Year ended 31 December 2006 £ million
	Note			
Exchange differences on translation of foreign subsidiaries		12.2	(14.8)	(37.4)
Actuarial gains on defined benefit pension schemes		–	–	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		(2.6)	4.2	16.4
Cash flow hedges:				
Effective portion of changes in fair value		1.8	5.7	12.5
Transferred to the income statement		(1.2)	–	–
Group share of changes in fair value of cash flow hedges within joint venture entities (net of tax)		9.8	6.0	5.0
Tax in respect of items recognised directly in equity		(0.2)	(2.0)	(6.5)
Net income/(expense) recognised directly in equity		19.8	(0.9)	(5.3)
Profit/(loss) for the period		51.3	(41.3)	219.2
Total recognised income and expense for the period		71.1	(42.2)	213.9
Attributable to:				
Equity holders of the company	8	71.1	(43.3)	211.3
Minority interests		–	1.1	2.6
Total recognised income and expense for the period		71.1	(42.2)	213.9

Consolidated balance sheet

	Note	30 June 2007 £ million	30 June 2006 £ million	31 December 2006 £ million
ASSETS				
Non-current assets				
Property, plant and equipment		60.3	90.0	73.3
Intangible assets		203.1	215.5	197.6
Interests in joint ventures and associates		15.7	87.2	85.2
Other investments		0.8	1.4	0.9
Retirement benefit assets		110.6	82.0	105.6
Deferred tax assets		9.9	66.7	16.4
Total non-current assets		400.4	542.8	479.0
Current assets				
Inventories		9.2	66.1	47.7
Trade and other receivables		569.1	942.9	806.3
Current tax receivable		–	3.4	–
Derivative financial instruments		7.3	1.3	9.0
Cash and cash equivalents		452.4	256.0	375.4
Assets classified as held for sale		466.9	1,335.7	107.1
Total current assets		1,504.9	2,605.4	1,345.5
Total assets		1,905.3	3,148.2	1,824.5
LIABILITIES				
Current liabilities				
Bank loans and overdrafts		(8.1)	(32.3)	(13.6)
Trade and other payables		(616.2)	(970.3)	(1,021.4)
Derivative financial instruments		(1.9)	(7.3)	(1.9)
Current tax payable		(23.2)	–	(19.3)
Liabilities classified as held for sale		(533.2)	(1,037.9)	(69.5)
Total current liabilities		(1,182.6)	(2,047.8)	(1,125.7)
Non-current liabilities				
Bank loans		–	(688.1)	(6.9)
Trade and other payables		–	(32.0)	–
Retirement benefit liabilities		(13.9)	(9.9)	(13.0)
Deferred tax liabilities		(10.8)	(85.3)	(10.3)
Provisions		(158.5)	(27.8)	(173.8)
Total non-current liabilities		(183.2)	(843.1)	(204.0)
Total liabilities		(1,365.8)	(2,890.9)	(1,329.7)
Net assets	2	539.5	257.3	494.8
EQUITY				
Share capital		168.4	166.7	166.8
Share premium account		98.0	90.1	90.7
Hedging and translation reserves		6.2	(8.9)	(20.5)
Capital redemption reserve		17.2	17.2	17.2
Retained earnings		254.5	(10.1)	238.9
Amounts recognised in equity relating to assets and liabilities held for sale		(5.6)	0.9	0.9
Total equity attributable to equity holders of the parent		538.7	255.9	494.0
Minority interests		0.8	1.4	0.8
Total equity		539.5	257.3	494.8

Consolidated cash flow statement

	Note	Six months ended 30 June 2007 £ million	Six months ended 30 June 2006 £ million	Year ended 31 December 2006 £ million
Cash flow from operating activities				
Profit/(loss) before income tax from continuing operations		66.9	(24.7)	(27.0)
Profit/(loss) before income tax from discontinued operations	5	8.7	(15.5)	241.3
Profit/(loss) before income tax		75.6	(40.2)	214.3
Financial income		(14.9)	(12.8)	(18.5)
Financial expense		8.7	25.8	28.3
Share of post-tax results of joint ventures and associates		(4.4)	(4.9)	(11.7)
Intangible amortisation		1.2	4.7	6.2
Depreciation		11.1	21.4	35.1
Profit on disposal of subsidiaries		(12.1)	–	(301.8)
Profit on disposal of property, plant and equipment		(1.0)	(1.6)	(1.6)
Impairment of non current assets		1.8	–	7.1
Equity settled share-based payments		5.4	0.1	(2.3)
		71.4	(7.5)	(44.9)
Decrease/(increase) in inventories		4.7	(6.1)	12.7
(Increase)/decrease in trade and other receivables		(27.4)	51.1	112.3
Increase/(decrease) in trade and other payables and provisions		7.1	(154.9)	21.6
Cash generated/(absorbed) from operations		55.8	(117.4)	101.7
Interest paid		(4.1)	(25.1)	(36.8)
Tax (paid)/received		(6.1)	(2.6)	9.5
Net cash flow from operating activities		45.6	(145.1)	74.4
Cash flow from investing activities				
Acquisition of subsidiaries, net of cash acquired		–	(14.9)	(15.0)
Acquisition of joint ventures and associates		(6.1)	(16.0)	(23.5)
Purchase of property, plant and equipment		(7.6)	(24.3)	(38.2)
Purchase of intangible assets		(0.1)	(2.2)	(0.6)
Disposal of subsidiaries (net of cash disposed of)		23.6	–	627.4
Disposal of joint ventures and associates		20.9	5.3	27.2
Disposal of property, plant and equipment		2.2	21.0	26.5
Interest received		9.3	11.8	19.0
Dividends received from joint ventures and associates		1.9	1.8	3.2
Net cash flow from investing activities		44.1	(17.5)	626.0
Net cash flow before financing activities		89.7	(162.6)	700.4
Cash flow from financing activities				
Proceeds from new loans		–	160.9	–
Repayment of loans		(4.4)	–	(549.9)
Dividends paid		(13.9)	(13.0)	(37.5)
Proceeds from shares issued		8.9	0.9	1.6
Acquisition of treasury shares		(14.7)	–	–
Disposal of shares by trustees of the Performance Share Plan 2002		–	–	2.2
Net cash flow from financing activities		(24.1)	148.8	(583.6)
Increase/(decrease) in cash and cash equivalents		65.6	(13.8)	116.8
Cash and cash equivalents as at the beginning of the period		406.4	332.7	332.7
Exchange losses on cash and cash equivalents		(1.6)	(3.8)	(12.8)
Cash of former subsidiary equity accounted from the beginning of the period		–	(9.3)	(30.3)
Cash and cash equivalents as at the end of the period		470.4	305.8	406.4
Cash and cash equivalents consist of:				
Cash at bank and in hand		431.2	232.0	336.2
Short-term investments		21.2	24.0	39.2
		452.4	256.0	375.4
Overdrafts		(8.1)	(19.2)	(1.2)
		444.3	236.8	374.2
Cash and cash equivalents (including overdrafts) classified as held for sale	9	26.1	69.0	32.2
Cash and cash equivalents		470.4	305.8	406.4

Notes to the accounts

1 Preparation of interim results

This interim financial information has been prepared applying the accounting policies and presentation that were applied in the preparation of the company's published consolidated accounts for the year ended 31 December 2006.

The non-core Built Environment businesses are treated as discontinued operations in 2007. The segmental results for the six months ended 30 June 2006 and the year ended 31 December 2006 have been restated to reflect this change in accounting treatment and some minor business restructuring. These restated results were included in the trading update issued on 25 June 2007. Other discontinued activities include pipeline construction and AMEC SPIE.

The comparative figures for the year ended 31 December 2006 are not the statutory accounts for that financial year. Those accounts have been reported on by the auditors and delivered to the registrar of companies. The report of the auditors was unqualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

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 Analysis of revenue, profit before exceptional items and income tax and net assets of continuing operations

	Revenue			Profit		
	Six months ended 30 June 2007 £ million	Six months ended 30 June 2006 £ million	Year ended 31 December 2006 £ million	Six months ended 30 June 2007 £ million	Six months ended 30 June 2006 £ million	Year ended 31 December 2006 £ million
Class of business:						
Natural Resources	498.4	452.1	920.9	37.2	26.7	59.1
Power and Process	492.3	366.0	797.8	18.6	10.1	18.5
Earth and Environmental	140.1	151.6	304.4	8.9	6.7	17.7
Investments and other activities	31.2	59.5	122.6	0.3	(2.2)	12.8
	1,162.0	1,029.2	2,145.7	65.0	41.3	108.1
Internal revenue	(9.1)	(19.9)	(24.1)	-	-	-
Corporate costs	-	-	-	(21.3)	(10.3)	(21.4)
	1,152.9	1,009.3	2,121.6	43.7	31.0	86.7
Intangible amortisation	-	-	-	(1.2)	(2.8)	(3.6)
Net financing income/(costs)	-	-	-	4.7	(9.4)	(7.0)
Share of tax of joint ventures and associates	-	-	-	(0.2)	(0.4)	(0.3)
	1,152.9	1,009.3	2,121.6	47.0	18.4	75.8

■ 2 Analysis of revenue, profit before exceptional items and income tax and net assets of continuing operations continued

	Net assets		
	30 June 2007 £ million	30 June 2006 £ million	31 December 2006 £ million
Class of business:			
Natural Resources	57.5	125.9	71.3
Power and Process	(39.1)	(1.9)	(55.2)
Earth and Environmental	36.5	29.6	19.0
Investments and other activities	(117.3)	0.1	(109.4)
Discontinued operations	–	49.2	(60.0)
	(62.4)	202.9	(134.3)
Intangible assets	203.1	215.5	197.6
Net cash/(debt)	444.3	(464.4)	354.9
Unallocated net assets	20.8	5.5	39.0
Assets and liabilities classified as held for sale	(66.3)	297.8	37.6
	539.5	257.3	494.8

	Revenue			Profit		
	Six months ended 30 June 2007 £ million	Six months ended 30 June 2006 £ million	Year ended 31 December 2006 £ million	Six months ended 30 June 2007 £ million	Six months ended 30 June 2006 £ million	Year ended 31 December 2006 £ million
Geographical origin:						
United Kingdom	508.1	377.6	844.5	25.1	6.3	30.0
Rest of Europe	46.1	27.3	55.4	4.2	3.8	5.2
Americas	537.4	455.9	1,018.6	34.1	24.2	58.6
Rest of the world	61.3	148.5	203.1	1.6	7.0	14.3
	1,152.9	1,009.3	2,121.6	65.0	41.3	108.1
Corporate costs	–	–	–	(21.3)	(10.3)	(21.4)
	1,152.9	1,009.3	2,121.6	43.7	31.0	86.7
Intangible amortisation	–	–	–	(1.2)	(2.8)	(3.6)
Net financing income/(costs)	–	–	–	4.7	(9.4)	(7.0)
Share of tax of joint ventures and associates	–	–	–	(0.2)	(0.4)	(0.3)
	1,152.9	1,009.3	2,121.6	47.0	18.4	75.8

Notes to the accounts

continued

■ 2 Analysis of revenue, profit before exceptional items and income tax and net assets of continuing operations continued

	30 June 2007 £ million	30 June 2006 £ million	Net assets 31 December 2006 £ million
Geographical origin:			
United Kingdom	(24.1)	7.2	(57.0)
Rest of Europe	(62.9)	(17.6)	(58.8)
Americas	0.1	60.8	(6.6)
Rest of the world	24.5	103.3	48.1
Discontinued operations	–	49.2	(60.0)
	(62.4)	202.9	(134.3)
Intangible assets	203.1	215.5	197.6
Net cash/(debt)	444.3	(464.4)	354.9
Unallocated net assets	20.8	5.5	39.0
Assets and liabilities classified as held for sale	(66.3)	297.8	37.6
Net assets	539.5	257.3	494.8

■ 3 Exceptional items

	Six months ended 30 June 2007 £ million	Six months ended 30 June 2006 £ million	Year ended 31 December 2006 £ million
Natural Resources	–	–	(7.8)
Power and Process	10.9	(13.0)	(17.6)
Investments and other activities	9.0	(30.1)	(77.4)
Exceptional items of continuing operations	19.9	(43.1)	(102.8)
Taxation on exceptional items of continuing operations	(3.2)	3.9	7.3
Exceptional items of discontinued operations (post tax)	(3.6)	(25.7)	260.9
Post-tax exceptional items	13.1	(64.9)	165.4

Exceptional charges were made in 2005 and 2006. These charges included costs relating to AMEC's exit from certain markets. Following settlement of certain disputes, provisions have now been released to the extent no longer required.

Five peripheral businesses were sold in the period resulting in further exceptional gains.

Exceptional items for the six months ended 30 June 2007 are further analysed as follows:

	Gain/(loss) on disposals £ million	Other exceptional items £ million	Total £ 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

■ 4 Income tax

Income tax on the profit before exceptional items and intangible amortisation for the six months ended 30 June 2007 is based on an effective rate of 29.0 per cent, which has been calculated by reference to the projected charge for the full year.

■ 5 Profit/(loss) for the period from discontinued operations

The non-core Built Environment businesses are treated as discontinued operations in 2007. Other discontinued activities include pipeline construction and AMEC SPIE.

The results of discontinued operations were as follows:

	Six months ended 30 June 2007 £ million	Six months ended 30 June 2006 £ million	Year ended 31 December 2006 £ million
Revenue	571.7	1,639.2	2,431.6
Cost of sales and net operating expenses	(563.2)	(1,616.7)	(2,422.4)
	8.5	22.5	9.2
Intangible amortisation	–	(1.9)	(2.6)
Profit before income tax	8.5	20.6	6.6
Attributable tax	(3.5)	(9.3)	(6.1)
Profit after income tax	5.0	11.3	0.5
Exceptional items	4.7	(36.1)	(67.1)
Attributable tax on exceptional items	(1.4)	10.4	16.5
(Loss)/profit on disposal	(4.5)	–	301.8
Attributable tax on (loss)/profit on disposal	(2.4)	–	9.7
Profit/(loss) for the period from discontinued operations	1.4	(14.4)	261.4

The total profit/(loss) for the period from discontinued operations is analysed as follows:

	Six months ended 30 June 2007 £ million	Six months ended 30 June 2006 £ million	Year ended 31 December 2006 £ million
Profit before exceptional items and tax	8.5	20.6	6.6
Pre-tax exceptional items	4.7	(36.1)	(67.1)
Pre-tax exceptional (loss)/profit on disposal	(4.5)	–	301.8
Pre-tax profit/(loss)	8.7	(15.5)	241.3
Tax	(7.3)	1.1	20.1
Profit/(loss) for the period from discontinued operations	1.4	(14.4)	261.4

■ 6 Earnings per share

Total basic earnings/(loss) 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.

	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

Notes to the accounts

continued

■ 6 Earnings per share continued

	Six months ended 30 June 2006			Year ended 31 December 2006		
	Earnings £ million	Weighted average shares number million	Earnings per share pence	Earnings £ million	Weighted average shares number million	Earnings per share pence
Basic and diluted earnings from continuing operations	(26.7)	325.4	(8.2)	(43.3)	325.9	(13.3)
Basic earnings from discontinued operations	(14.4)	325.4	(4.4)	261.4	325.9	80.2

The basic and diluted loss of £26.7 million for the six months ended 30 June 2006 is the loss for the period for continuing operations of £26.9 million less the loss attributable to minority interest of £0.2 million.

The basic and diluted loss of £43.3 million for the year ended 31 December 2006 is the loss for the year for continuing operations of £42.2 million less the profit attributable to minority interest of £1.1 million.

For the six months ended 30 June 2006 and the year ended 31 December 2006, losses per share from continuing operations have been calculated on losses of £26.7 million and £43.3 million respectively, and as a result there are no dilutive ordinary shares.

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 2007			Six months ended 30 June 2006		
	Earnings £ million	Weighted average shares number million	Earnings per share pence	Earnings £ million	Weighted average shares number million	Earnings per share pence
Basic earnings/(loss) from continuing operations	49.9	328.8	15.2	(26.7)	325.4	(8.2)
Exceptional items	(16.7)	–	(5.1)	39.2	–	12.0
Intangible amortisation	1.2	–	0.4	2.8	–	0.9
Basic earnings before exceptional items and intangible amortisation	34.4	328.8	10.5	15.3	325.4	4.7
Share options	–	4.0	(0.1)	–	4.8	(0.1)
Employee share and incentive schemes	–	5.9	(0.2)	–	6.8	(0.1)
Diluted earnings before exceptional items and intangible amortisation	34.4	338.7	10.2	15.3	337.0	4.5

■ 7 Dividends

After the balance sheet date the directors declared a dividend of 4.6 pence per share payable on 2 January 2008 to equity holders on the register at the close of business on 23 November 2007. The dividend has not been provided for and there are no income tax consequences for the company.

■ 8 Reconciliation of movements in total equity

	Six months ended 30 June 2007 £ million	Six months ended 30 June 2006 £ million	Year ended 31 December 2006 £ million
Total recognised income and expense attributable to equity holders of the parent	71.1	(43.3)	211.3
Dividends	(26.4)	(24.4)	(38.3)
Shares issued	8.9	0.9	1.6
Equity settled share-based payments	5.4	0.1	(2.3)
Disposal of shares by trustees of the Performance Share Plan 2002	–	–	2.2
Acquisition of treasury shares	(14.7)	–	–
Cumulative gains and losses transferred from the hedging and translation reserves on disposal of subsidiaries	0.4	–	(3.1)
Net increase/(decrease) in total equity	44.7	(66.7)	171.4
Total equity as at beginning of the period	494.0	322.6	322.6
Total equity as at end of the period attributable to equity holders of the parent	538.7	255.9	494.0

■ 9 Analysis of net cash/(debt)

	30 June 2007 £ million	30 June 2006 £ million	31 December 2006 £ million
Cash at bank and in hand	431.2	232.0	336.2
Short-term investments	21.2	24.0	39.2
Cash and cash equivalents disclosed on the balance sheet	452.4	256.0	375.4
Overdrafts	(8.1)	(19.2)	(1.2)
	444.3	236.8	374.2
Cash and cash equivalents (including overdrafts) classified as held for sale	26.1	69.0	32.2
Total cash and cash equivalents	470.4	305.8	406.4
Current debt	–	(13.1)	(12.4)
Non-current debt	–	(688.1)	(6.9)
Debt classified as held for sale	(14.9)	(32.6)	–
Net cash/(debt) as at end of the period	455.5	(428.0)	387.1

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

	30 June 2007 £ million	30 June 2006 £ million	31 December 2006 £ million
Net cash/(debt) disclosed on the balance sheet	444.3	(464.4)	354.9
Net cash classified as held for sale	11.2	36.4	32.2
Total net cash/(debt) as at the end of the period	455.5	(428.0)	387.1

Independent review report by KPMG Audit Plc to AMEC plc

■ Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2007 which comprises the Consolidated Income Statement, Consolidated Statement of Recognised Income and Expense, Consolidated Balance Sheet, Consolidated Cash Flow Statement and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

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 Listing Rules of the Financial Services Authority. 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 interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

■ Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for the use in the UK. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Statements of Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

■ Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

KPMG Audit Plc

Chartered Accountants
Manchester
6 September 2007

Shareholder information

■ Financial calendar

March Preliminary announcement for the year ended 31 December.

April Annual report and accounts for the year ended 31 December.

May Annual general meeting.

September Interim report for the half year ended 30 June.

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

■ Payment of dividends

Interim ordinary dividend announced in September and paid in January.

Final ordinary dividend announced in March and paid in July.

Shareholders who do not have dividend payments made directly into their bank or building society accounts through the Bankers Automated Clearing System ("BACS") may do so by contacting the company's registrar, Capita Registrars.

■ Dividend reinvestment plan

A dividend reinvestment plan ("DRIP") is available for the convenience of shareholders who would prefer the company to utilise their dividends for the purchase, on their behalf, of additional shares of the company instead of receiving cash dividends.

The DRIP provides for shares to be purchased in the market on, or as soon as reasonably practicable thereafter, any dividend payment date at the price then prevailing in the market. Further details of the DRIP may be obtained from:

Capita Registrars

The Registry, 34 Beckenham Road, Beckenham,
Kent BR3 4TU, United Kingdom

Tel: +44 (0)870 162 3100

E-mail: ssd@capitaregistrars.com or visit the web site at www.capitaregistrars.com

■ Electronic communications

☐ Electronic shareholder communication
Recent changes in the law mean that it is now much simpler for us to communicate with our shareholders electronically.

In the past we produced thousands of printed reports which we sent to our shareholders. However printed documents have a bigger carbon footprint than electronic ones because of the energy and materials used to create them as well as the energy used to distribute them. We are keen to help you help us reduce our carbon footprint in any way we can.

As many of you know, we have published our annual and interim reports on our website (www.amec.com/investors) for many years. From now on, we will publish annual accounts, notices of shareholder meetings and any other essential shareholder information on our website too. For shareholders who agree, the company website will be the main way in which they get their shareholder information.

At our annual general meeting on 16 May 2007, our shareholders unanimously agreed to proposed changes in the way we communicate. Following this agreement, we have included a letter with this 2007 Interim Report mailing, to explain how our electronic communications will work in the future and to give every shareholder the chance to help us.

Following this electronic communication path helps to make us a more sustainable company, cutting production and distribution costs, reducing waste and pollution, reducing carbon dioxide and other greenhouse gas emissions. All of which make us a better company to invest in.

Shareholder information

continued

☐ Electronic shareholder information

AMEC's web site has a facility whereby shareholders can link to the company's registrar, Capita Registrars, via its web site in order to gain access to general shareholder information as well as personal shareholding details. If you wish to access details of your personal shareholding you will need your investor code, which is printed in the bottom right-hand corner of your AMEC share certificates and dividend tax vouchers.

To access these services:

- 1 Select the "Investors" home page at www.amec.com
- 2 Select "Shareholder information" from the main menu.
- 3 Select the link to "Shareholder information" in the Electronic Shareholder Services section.
- 4 Follow the instructions at the Capita Registrars web site.

If you have any questions about electronic shareholder information, contact Capita Registrars on +44 (0)870 162 3100, visit their web site at www.capitaregistrars.com or e-mail at ssd@capitaregistrars.com

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For more information please visit
www.fsc.org

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