AMEC plc 2012 half-year results
Strong performance continues

Highlights

- **Revenue £2,026 million, up 37 per cent**
  - Underlying revenue up 28 per cent: up 15 per cent excluding £200 million of incremental procurement
  - Positions group for full year double-digit underlying growth, as expected
- **EBITA[1] £152 million, up 25 per cent**
- **Margin[2] 7.5 per cent, down 70 basis points largely as a result of increased procurement**
- **Diluted EPS from continuing operations[4] 36.1 pence, up 25 per cent**
- **Operating cash flow[5] £142 million, up £67 million**
- **Order intake and forward visibility remain good**
  - Order book strong at £3.7 billion (June 2011: £3.4 billion; December 2011: £3.7 billion)
- **Completed two acquisitions for a total consideration of £156 million**
- **Purchased £158 million of shares under the £400 million share buyback programme**
- **Interim dividend per share up 15 per cent, to 11.7 pence**

Chief Executive Samir Brikho said:

"AMEC has had an excellent start to the year, with revenue growth boosted by phasing of project execution and procurement in our oil & gas and mining businesses in particular. This flowed into EPS, which was up 25 per cent at 36.1 pence, and operating cash flow – where we also achieved a good performance.

"We have completed two acquisitions year-to-date, expanding our engineering capability in the nuclear sector and further strengthening our geographic footprint in Australia. The pipeline of further acquisition opportunities remains good.

"The order book has been maintained at record levels. We see continued demand for our services, and this has not been significantly impacted by the on-going economic uncertainty. Second half revenues are anticipated to be maintained at broadly the same level as the first half, leaving us on track to deliver double-digit underlying revenue growth for the full-year. We expect to continue to deliver good growth in 2013."

Results presentation and live webcast: AMEC will host a presentation on the interim results for analysts and investors at 9.00am today. A live webcast of the event and presentation slides will be available on amec.com.

Interview: with Samir Brikho, Chief Executive, Ian McHoul, Chief Financial Officer and Neil Bruce, Chief Operating Officer is available at www.merchantcantos.net/amec/2012/interim-results

Next events:
- AMEC is hosting a capital market event focused on the oil & gas market on 30 October 2012
- Interim Management Statement on 14 November 2012.

Analyst consensus estimates are collated and published on AMEC's website on a periodic basis amec.com/investors/key_facts.

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Financial highlights

Group

Six months ending 30 June		**2012**	2011	Change (%)
Revenue	*(£m)*	**2,026**	1,484	*+37*
EBITA[1]	*(£m)*	**152**	122	*+25*
Adjusted profit before tax[3]	*(£m)*	**157**	126	*+24*
Profit before tax	*(£m)*	**126**	101	*+25*
Operating cashflow[5]	*(£m)*	**142**	75	*+89*
Adjusted diluted earnings per share[4]	*pence*	**36.1**	28.8	*+25*
Diluted earnings per share from continuing operations	*pence*	**30.0**	24.0	*+25*
Dividend per share	*pence*	**11.7**	10.2	*+15*

Notes:
1. EBITA for continuing operations before intangible amortisation and exceptional items but including joint venture EBITA
2. EBITA as defined above as a percentage of revenue
3. EBITA, as defined above, plus net financing income (including joint ventures) of £5 million (2011: £4 million)
4. Diluted earnings per share from continuing operations before intangible amortisation and exceptional items
5. Cash generated from operations before exceptional items and discontinued operations and legacy settlements but including dividends received from joint ventures

Basis of presentation
The following commentary is based on the results for continuing operations before intangible amortisation and exceptional items but including joint venture EBITA.

The results are presented to the nearest million. Percentage movements and calculated numbers, such as EPS and margin rates, are based on the underlying numbers to 1 decimal place precision.

Segmental analysis
Segmental analysis is provided for the group's core activities in the Natural Resources, Power & Process and Environment & Infrastructure divisions, as well as for non-core Investments and other activities.
Amounts and percentage movements relating to continuing segmental earnings before net financing income, tax and intangible amortisation (EBITA) are stated before corporate costs of £18 million (2011: £17 million) and pre-tax exceptional costs of £10 million (2011: £4 million).

The average numbers of employees stated in this review include agency staff.

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

*International Financial Reporting Standard 5: 'Non-current assets held for sale and discontinued operations'.

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.

Group

Six months ending 30 June		2012	*Underlying business*	*Currency exchange*	*Net acquisitions*	2011
Revenue	(£m)	**2,026**	**417**	**9**	**116**	**1,484**
Y-on-Y change	*(%)*	*+37*	*+28*	*+1*	*+8*	
EBITA	(£m)	**152**	**24**	**nil**	**6**	**122**
Y-on-Y change	*(%)*	*+25*	*+21*	*nil*	*+4*	
EBITA margin	(%)	**7.5**				**8.2**
Y-on-Y change	*(bps)*	*(70)*				
Operating cash flow	(£m)	**142**				**75**
Y-on-Y change	*(%)*	*+89*				
Order book	(£bn)	**3.7**				**3.4**
Y-on-Y change	*(%)*	*+9*				
Average number of employees		**27,733**				**24,032**
Y-on-Y change	*(%)*	*+15*				

Revenue for the first six months of 2012 increased by 37 per cent to £2,026 million (30 June 2011: £1,484 million). The **underlying revenue** (excluding the impact of currency and net acquisitions) increased by 28 per cent, driven by a strong performance in the oil & gas and mining sectors and assisted by project phasing and the incremental impact of procurement activities on certain Natural Resources contracts. Excluding this incremental procurement, underlying revenue increased by 15 per cent.

EBITA increased 25 per cent to £152 million (30 June 2011: £122 million) with **underlying EBITA** up 21 per cent, despite lower than anticipated profits from key performance indicator targets (KPIs) on Kearl initial development due to schedule delays. **EBITA margin** declined by 70 basis points to 7.5 per cent (30 June 2011: 8.2 per cent), impacted, as expected, by the increase in procurement activities and a shift in work mix in the Natural Resources division, and offset in part by margin improvements in the other two divisions. Excluding the impact of the incremental procurement activity, the margin was broadly in line with H1 2011.

Adjusted profit before tax of £157 million in H1 2012 was ahead of the previous year (30 June 2011: £126 million) driven by volume growth and acquisitions. There was joint venture tax of £2 million (30 June 2011: £3 million), amortisation of £19 million (30 June 2011: £18 million) and exceptional losses of £10 million (30 June 2011: £4 million) resulting in **profit before tax** of £126 million (30 June 2011: £101 million). The **tax charge** for H1 2012 was £27 million (30 June 2011: £22 million) giving a **total profit from continuing operations** for H1 2012 of £99 million (30 June 2011: £79 million).

Adjusted diluted earnings per share from continuing operations were 36.1 pence (30 June 2011: 28.8 pence).

Operating cash flow for the period was £142 million, up £67 million from the comparable period last year, an increase of 89 per cent.

Dividend

A 15 per cent increase in the **interim dividend** to 11.7 pence per share (30 June 2011: 10.2 pence) demonstrates the board's continuing confidence in the group's future performance and is in line with AMEC's progressive dividend policy.

Share buyback

As at 30 June, 14,820,000 shares had been purchased at a cost of £158 million under the £400 million share buyback programme announced in February. The average cost was £10.68 per share. As at 8 August 2012, a further £33 million of shares had been purchased under an irrevocable, non-discretionary arrangement (see note 8), bringing the total purchased to £191 million.

Acquisitions

In the first six months of the year, the group invested £156 million in two acquisitions . The larger was **Serco's nuclear technical services** business (TS), a 600-person team based in the UK, acquired in June for £139 million. As expected, the Office of Fair Trading is currently carrying out its review of the transaction and has invited comments by 10 August 2012. The second was **Unidel**, a 260-person energy, resources and infrastructure engineering and consultancy business based in Australia (May 2012). Acquisitions made in 2011, including MACTEC, which was purchased in June 2011, have now been fully integrated into AMEC's activities.

The acquisition pipeline in 2012 continues to be good.

Average number of employees

The average number of employees in the first half was 27,733, up 15 per cent compared with the same period in 2011 reflecting increased activity levels, particularly in UK North Sea and the Americas, as well as the impact of acquisitions.

Outlook

The demand for AMEC's services continues to be strong, despite on-going economic uncertainty.

Although second half underlying revenue growth is expected to be significantly lower than H1 2012 due to phasing of project execution in Natural Resources, the group remains on track to deliver double-digit underlying revenue growth for the full year. The group expects to continue to deliver good growth in 2013.

Consistent with previous years, second half margin is expected to increase, although it will be lower than in H2 last year due to the shift in business mix and increased procurement activities as previously identified.

AMEC's balance sheet remains strong and operating cash flow in the full year is expected to be good.

Segmental review

Natural Resources

Natural Resources provides engineering, project management and asset support services, particularly in upstream oil and gas, unconventional oil and in mining. It has particular expertise in large and complex projects in growth regions and in extending the life of assets.

Approximately three-quarters of revenues are generated by asset development (capex) activities, with the remainder in asset support (opex). Oil and gas activities are concentrated mainly in the upstream sector (90 per cent of revenues), with the balance being in midstream and downstream.

H1 revenue can be analysed by sector as shown below:

Natural Resources *Six months ending 30 June*		**2012**	2011
Oil & Gas market			
⇒ *Oil & Gas*	*(%)*	**48**	52
⇒ *Unconventional Oil & Gas*	*(%)*	**30**	24
Minerals & Metals market	*(%)*	**22**	24

Natural Resources *Six months ending 30 June*		**2012**	*Underlying business*	*Currency exchange*	*Net acquisitions*	**2011**
Revenue	*(£m)*	**1,200**	402	1	7	**790**
Y-on-Y change	*(%)*	*+52*	*+51*	*nil*	*+1*	
EBITA	*(£m)*	**92**	8	nil	nil	**84**
Y-on-Y change	*(%)*	*+10*	*+10*	*nil*	*nil*	
EBITA margin	*(%)*	**7.6**				**10.6**
Y-on-Y change	*(bps)*	*(300)*				
Order book	*(£bn)*	**2.2**				**2.1**
Y-on-Y change	*(%)*	*+6*				
Average number of employees	*(nos)*	**13,411**				11,657
Y-on-Y change	*(%)*	*+15*				

Revenue in the Natural Resources division improved by 52 per cent in the first half to £1,200 million (30 June 2011: £790 million). A strong underlying performance across all three sectors was supported by the timing of contract awards and phasing of project execution, and was further boosted by the incremental effect of increased procurement activities (approximately £200 million) on key projects. Excluding this increase in procurement, underlying growth was 26 per cent.

EBITA (£92 million) was up by 10 per cent, reflecting this increase in volume. **Margins** declined to 7.6 per cent, down 300 basis points from H1 2011. This is largely the result of the increased procurement activities and a shift in work mix to the more mature markets of the UK North Sea and Gulf of Mexico, as previously flagged. In addition, profits from KPIs on Kearl initial development in Alberta, Canada were lower than anticipated due to schedule delays.

Contract wins in H1 2012 reflect the continued customer spending in energy and commodity markets. They included:

- **BP:** front end engineering and design (FEED) for the second phase of the substantial Mad Dog field, Gulf of Mexico, US
- **BP**: £10 million contract to modify and extend its Kinneil Terminal, UK
- **SABIC UK Petrochemicals Limited**: extensions to two existing asset support contracts worth £70 million, UK
- **Abu Dhabi Marine Operating Company (ADMA OPCO):** project management consultancy (PMC) services for the 'execute phase' of the Nasr Phase 1 and Umm Lulu Phase 1 field development projects offshore Abu Dhabi, UAE
- **Abu Dhabi Gas Liquefaction Company (ADGAS):** PMC services contract for the FEED phase of the flaring and emissions reduction project at their LNG facilities on the island of Das, UAE
- **ENI** and **Chevron:** two asset support contracts for AMEC Clough JV – from repeat customers in Australia.

Other on-going projects include engineering and project management for the main platform design for **BP Clair Ridge**, the detailed engineering and procurement of **ConocoPhillips'** existing Judy platform and the hook-up and commissioning of the new Jasmine facilities in the UK North Sea, the design and delivery of components of the **Marine Well Containment Company's** expanded containment system in the US Gulf of Mexico , a long-term project management contract for **KOC** in Kuwait, and the EPC contract for **Fortescue Metals Group's** Cloudbreak project in Australia, as well as the on-going oil sands work for **Imperial Oil, Syncrude, Teck, Suncor** and **Connacher**, among others.

The order book at 30 June 2012 was up 6 per cent at £2.2 billion (30 June 2011: £2.1 billion).

The incremental impact of procurement in H2 is expected to be about half that seen in H1. Excluding this effect, revenue in the second half is expected to be similar to H1, with the relative weighting of growth compared with 2011 significantly impacted by the phasing of project execution. Overall, 2012 is expected to deliver double-digit underlying revenue growth and this is expected to continue in 2013, even excluding procurement.

Consistent with previous years, second half margins are expected to increase, although they will remain impacted by the shift in the business mix towards more mature regions and low-margin procurement activities.

Power & Process

Power & Process is principally based in the UK and Americas and provides engineering, project management and asset support services in the clean energy market. It has a leading position in the nuclear sector, particularly in the UK, where its services are well-balanced across the asset lifecycle.

Approximately half of the division's revenues are generated by capex services with the remainder in asset support (opex).

H1 revenue can be analysed by sector as shown below:

Power & Process *Six months ending 30 June*		**2012**	2011
Clean Energy market			
⇒ **Nuclear**	*(%)*	**28**	31
⇒ **Renewables / Bioprocess**	*(%)*	**35**	18
⇒ **Conventional Power**	*(%)*	**21**	34
⇒ **Transmission & Distribution**	*(%)*	**16**	17

Power & Process *Six months ending 30 June*		**2012**	*Underlying business*	*Currency exchange*	*Net acquisitions*	**2011**
Revenue	*(£m)*	**454**	**17**	**5**	**nil**	**432**
Y-on-Y change	*(%)*	*+5*	*+4*	*+1*		
EBITA	*(£m)*	**39**	**4**	**nil**		**35**
Y-on-Y change	*(%)*	*+11*	*+11*	*nil*		
EBITA margin	*(%)*	**8.5**				**8.1**
Y-on-Y change	*(bps)*	*+40*				
Order book	*(£bn)*	***0.9***				***0.8***
Y-on-Y change	*(%)*	*+15*				
Average number of employees	*(nos)*	**7,370**				*6,946*
Y-on-Y change	*(bps)*	*+6*				

Revenue for the period increased by 5 per cent, to £454 million (30 June 2011: £432 million), reflecting a strong performance in the renewable/bioprocess sector in the Americas in particular and continued activity in the UK nuclear sector.

EBITA was up 11 per cent, to £39 million (30 June 2011: £35 million). The overall **EBITA margin** improved by 40 basis points to 8.5 per cent.

Serco's nuclear technical services business was acquired on 29 June 2012.

Contract awards in H1 2012 include:

- **Sellafield Ltd** (two contracts): the first is a three-year framework agreement to provide specialist environmental consultancy support on the Sellafield site. The second is a 15-year design support framework contract to provide Sellafield with the full range of engineering services for the development and refurbishment of new and existing facilities and for decommissioning. The latter was awarded to AMEC's AXIOM joint venture (JV).
- **National Grid**: five-year extension to the Electricity Alliance West contract, worth about £650 million. AMEC has approximately 48 per cent share of the JV, UK.

In addition, in July 2012, AMEC was awarded a three-year contract to provide waste treatment services to the Bohunice nuclear power plant in Slovakia.

In the North American clean energy market, the Sapphire Energy biofuel project in the US continues to advance, and in Canada, good progress is being made on the 99 MW Erieau wind project and the 10 MW Brockville PV solar project. Work is also continuing on a variety of other clean energy projects.

The **order book** at 30 June was up on the previous year at £0.9 billion (30 June 2011: £0.8 billion). The 'Tier One' Sellafield decommissioning contract, as an equity accounted joint venture, is not included in these figures.

Progress continues to be made on the resolution of the 'older contracts' which, as previously referenced, do not meet the revised criteria of low-risk services with high value-add.

Progress is expected to continue during the second half. The TS acquisition is expected to be earnings enhancing from 2013.

Environment & Infrastructure

Environment & Infrastructure is a leading international environmental and engineering consulting organisation. It works across all AMEC's markets and provides a complementary offering to many customers common to the Natural Resources or Power & Process divisions.

The division provides services from approximately 230 offices, mainly in North America, but with an increasing presence in the growth markets of Europe, South America and Australasia.

H1 revenues can be analysed by market and sector as follows:

Environment & Infrastructure *Six months ending 30 June*		**2012**	**2011**
Oil & Gas market	*(%)*	**14**	16
Minerals & Metals market	*(%)*	**16**	11
Clean Energy market	*(%)*	**2**	2
Environment & Infrastructure market			
➪ *Government services*	*(%)*	**23**	24
➪ *Industrial / Commercial*	*(%)*	**15**	18
➪ *Transportation / Infrastructure*	*(%)*	**17**	15
➪ *Water*	*(%)*	**13**	14

Environment & Infrastructure *Six months ending 30 June*		**2012**	*Underlying business*	*Currency exchange*	*Net acquisitions*	**2011**
Revenue	(£m)	**397**	***(4)***	***3***	***109***	**289**
Y-on-Y change	*(%)*	*+38*	*(1)*	*+1*	*+38*	
EBITA	(£m)	**36**	***6***	***nil***	***6***	**24**
Y-on-Y change	*(%)*	*+50*	*+27*	*nil*	*+23*	
EBITA margin	(%)	**9.1**				**8.3**
Y-on-Y change	*(bps)*	*+80*				
Order book	(£bn)	**0.6**				**0.5**
Y-on-Y change	*(%)*	*+12*				
Average number of employees	*(nos)*	**6,776**				*5,213*
Y-on-Y change	*(bps)*	*+30*				

Revenue increased by 38 per cent to £397 million in the first half (30 June 2011: £289 million). Performance was strongest in the oil & gas, minerals & metals and transportation & infrastructure sectors, boosted by the full six-month impact of MACTEC. Unidel, acquired in May 2012, is expected to contribute in the second half.

EBITA increased 50 per cent to £36 million in the six months to 30 June 2012 (30 June 2011: £24 million). Overall **EBITA margin** increased 80 basis points to 9.1 per cent (2011: 8.3 per cent). The margin uplift is largely the result of overhead efficiency resulting from the MACTEC acquisition.

The **order book** improved in the first half of the year to £0.6 billion (30 June 2011: £0.5 billion). Some of the recent on-going contracts include:

- **Government Procurement Services:** three-year framework agreement to provide environmental and sustainability advice, support and delivery services across the UK public sector
- **North London Waste Authority:** framework contract to help deliver state-of-the-art new waste services for North London, UK.

The expansion of the business has made seasonal effects less pronounced, though the Unidel acquisition will contribute to the second half. Margins are expected to be stable year-on-year.

Investment and other activities

This principally comprises the Incheon Bridge PPP project in Korea, now in operational phase, the group's insurance captive, and AMEC's residual UK Wind development activities. **Revenue** was maintained at £3 million (30 June 2011: £3 million) with EBITA of £3 million in the first half (30 June 2011: a loss of £4 million).

Financial review

Geographic analysis

The group's largest market was Canada with 30 per cent of revenues (30 June 2011: UK 31 per cent).

Administrative expenses

Administrative expenses of £114 million are 9 per cent higher than last year (30 June 2011: £105 million), reflecting recent acquisitions.

Net financing income

The net financing income for the first half of £7 million is in line with last year and includes bank interest of £2 million (2011: £3 million), net interest on pensions assets of £5 million (2011: £3 million) and other items of £nil (2011: £1 million).

The average interest rate received for the first six months of the year was approximately 0.7 per cent (2011: 0.8 per cent).

Taxation

Continuing operations

The group's effective tax rate for the first six months of 2012 for the continuing businesses (including tax attributable to joint venture interests) before exceptional items and excluding intangible amortisation was 24.0 per cent (30 June 2011: 24.1 per cent). The full year tax rate is expected to remain around the 24 per cent level.

Financial position and net cash

The group remains in a strong financial position, with net cash as at 30 June 2012 of £290 million (30 June 2011: £455 million). On 18 July, the Group entered into a five-year multi-currency revolving credit facility of £377 million, to be used as required for general business purposes.

Going concern

The directors are satisfied that the group has adequate resources to operate for the foreseeable future. As at 30 June 2012, the group held net cash of £290 million.

Intangible amortisation and goodwill impairment

Intangible amortisation relates to capitalised software and intangible assets acquired as part of the group's expansion programme. The first half charge of £19 million is £1 million higher than in 2011 (£18 million) reflecting acquisition activity and a £2 million goodwill impairment in 2011.

Exceptional items

Total pre-tax exceptional losses of £1 million (2011: £5 million) include:

- a loss on business disposals and closures of £8 million arising from adjustments to existing provisions made in respect of prior year disposals and closures
- other exceptional gains of £7 million which include the transaction costs of acquisitions made in the period and certain deferred compensation costs on prior year acquisitions, along with the costs of funding a joint venture which was part of a recent acquisition. These costs have been offset by the recognition, within discontinued operations, of an insurance receivable following the Supreme Court Judgement on mesothelioma liability, a provision against which was established a number of years ago.

Legacy issues

There have been no significant contingent liabilities identified in the first half of 2012.

Cash generated from operations in the first half of 2012 was £130 million (30 June 2011: £54 million). After adjusting for exceptional items and discontinued operations and legacy settlements but including dividends received from joint ventures, operating cash flow was £142 million (30 June 2011: £75 million). The year-on-year increase in operating cash flow reflects the higher EBITA and reduced working capital outflows.

Pensions

The IAS 19 surplus of the principal UK pension schemes at 30 June 2012 was £35 million (31 December 2011: £32 million). The schemes have operated on a career average salary basis since 1 January 2008. During 2012 it was announced that the principal UK pension scheme will be closed to new entrants from 1 October 2012, but will remain open to future accrual for existing members.

The net charge to the income statement in 2012 from pensions, including both the current service accrual and net financing income, is expected to be higher than last year (31 December 2011: £12 million) as a result of the reductions in bond yields experienced towards the end of 2011.

Provisions

Provisions held at 30 June 2011 were £178 million (31 December 2011: £169 million). During 2012, £10 million of the brought forward provisions were utilised, and as part of the ongoing review of the potential liabilities, an additional £22 million of provisions were created.

Provisions are analysed as follows:

As at 30 June 2012	£ million
Litigation provisions	51
Indemnities granted to buyers and retained obligations on disposed businesses	69
Insurance and other	58
Total	178

Business risks and opportunities

AMEC operates in some 40 countries globally, serving a broad range of markets and customers. As such, the group is subject to certain general and industry-specific risks. Where practicable, the group seeks to mitigate exposure to all forms of risk through effective risk management and risk transfer practices.

AMEC operates predominately in the UK and North America and is therefore particularly affected by political and economic conditions in those markets.

Changes in general economic conditions may influence customers' decisions on capital investment and/or asset maintenance, which could lead to volatility in the development of AMEC's order intake. These may also lead to change in the customer base, competition and in the way customers procure the services we provide.

AMEC seeks to maintain a balanced geographic presence, and, through acquisition and organic growth, will continue to increase its exposure to other attractive regions of the world.

The risks associated with economic conditions resulting in a downturn and affecting the demand for AMEC's services has been addressed, as far as practicable, by seeking to maintain a balanced business portfolio in terms of geographies, markets, clients and service offering / business model.

In light of current global economic uncertainties, steps have been taken to assess and monitor any potential impact on AMEC's business opportunities and address potential increased supply chain and, more broadly counterparty risk.

Other risks

Other than the specific risks detailed above, the board considers that the nature of the principal risks and uncertainties which may have a material effect on the group's performance in the second half of the year is unchanged from those identified on pages 22 and 23 of the 2011 annual report and accounts. These are changes in commodity prices, expansion of global footprint, mergers and acquisitions, project delivery, pensions, health, safety and security, legacy risk, information technology, staff recruitment and retention and ethical breach.

Notes to Editors:

AMEC (LSE: AMEC) is a focused supplier of consultancy, engineering and project management services to its customers in the world's oil and gas, minerals and metals, clean energy, environment and infrastructure markets. With annual revenues of some £3.3 billion, AMEC designs, delivers and maintains strategic and complex assets and employs over 29,000 people in around 40 countries worldwide. See amec.com.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June 2012 Before amortisation, impairment and exceptional items £ million	Amortisation, impairment and exceptional items (note 4) £ million	Total £ million
Continuing operations				
Revenue	3	2,026	-	2,026
Cost of sales		(1,772)	-	(1,772)
Gross profit		254	-	254
Administrative expenses		(114)	(29)	(143)
Profit on business disposals and closures		-	-	-
Profit/(loss) before net financing income		140	(29)	111
Financial income		9	-	9
Financial expense		(2)	-	(2)
Net financing income		7	-	7
Share of post-tax results of joint ventures		8	-	8
Profit/(loss) before income tax	3	155	(29)	126
Income tax	5	(36)	9	(27)
Profit/(loss) for the period from continuing operations		119	(20)	99
Profit for the period from discontinued operations	6	-	7	7
Profit/(loss) for the period		119	(13)	106
Attributable to:				
Equity holders of the parent				106
Non-controlling interests				-
				106
Basic earnings per share:	7			
Continuing operations		36.7p		30.6p
Discontinued operations		-		2.1p
		36.7p		32.7p
Diluted earnings per share:	7			
Continuing operations		36.1p		30.0p
Discontinued operations		-		2.1p
		36.1p		32.1p

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June 2011 Before amortisation impairment and exceptional items £ million	Amortisation, impairment and exceptional items (note 4) £ million	Total £ million
Continuing operations				
Revenue	3	1,484	-	1,484
Cost of sales		(1,270)	-	(1,270)
Gross profit		214	-	214
Administrative expenses		(105)	(25)	(130)
Profit on business disposals and closures		-	3	3
Profit/(loss) before net financing income		109	(22)	87
Financial income		12	-	12
Financial expense		(5)	-	(5)
Net financing income		7	-	7
Share of post-tax results of joint ventures		7	-	7
Profit/(loss) before income tax	3	123	(22)	101
Income tax	5	(28)	6	(22)
Profit/(loss) for the period from continuing operations		95	(16)	79
(Loss)/profit for the period from discontinued operations	6	(1)	1	-
Profit/(loss) for the period	`	94	(15)	79
Attributable to:				
Equity holders of the parent				79
Non-controlling interests				-
				79
Basic earnings/ (loss) per share:	7			
Continuing operations		29.4p		24.5p
Discontinued operations		(0.4)p		(0.2)p
		29.0p		24.3p
Diluted earnings/ (loss) per share:	7			
Continuing operations		28.8p		24.0p
Discontinued operations		(0.4)p		(0.2)p
		28.4p		23.8p

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December 2011 Before amortisation, impairment and exceptional items £ million	Amortisation, impairment and exceptional items (note 4) £ million	Total £ million
Continuing operations				
Revenue	3	3,261	-	3,261
Cost of sales		(2,779)	-	(2,779)
Gross profit		482	-	482
Administrative expenses		(209)	(47)	(256)
Profit on business disposals and closures		-	2	2
Profit/(loss) before net financing income		273	(45)	228
Financial income		18	-	18
Financial expense		(2)	-	(2)
Net financing income		16	-	16
Share of post-tax results of joint ventures		15	-	15
Profit/(loss) before income tax	3	304	(45)	259
Income tax		(69)	17	(52)
Profit/(loss) for the year from continuing operations		235	(28)	207
Profit for the year from discontinued operations	6	-	25	25
Profit/(loss) for the year		235	(3)	232
Attributable to:				
Equity holders of the parent				232
Non-controlling interests				-
				232
Basic earnings per share:	7			
Continuing operations		71.9p		63.3p
Discontinued operations		-		7.5p
		71.9p		70.8p
Diluted earnings per share:	7			
Continuing operations		70.5p		61.9p
Discontinued operations		-		7.4p
		70.5p		69.3p

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June 2012 £ million	Six months ended 30 June 2011 £ million	Year ended 31 December 2011 £ million
Profit for the period	**106**	79	232
Actuarial losses on defined benefit pension schemes	**-**	-	(71)
Tax on actuarial losses	**-**	-	23
Exchange movements on translation of foreign subsidiaries	**(9)**	(3)	-
Net gain on hedges of net investment in foreign subsidiaries	**1**	2	4
Tax on net gain on hedges of net investment in foreign subsidiaries	**(1)**	-	-
Cash flow hedges:			
Effective portion of changes in fair value	**2**	1	-
Tax on effective portion of changes in fair value of cash flow hedges	**(1)**	-	-
Other comprehensive income	**(8)**	-	(44)
Total comprehensive income	**98**	79	188
Attributable to:			
Equity holders of the parent	**98**	80	188
Non-controlling interests	**-**	(1)	-
Total comprehensive income	**98**	79	188

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**30 June 2012 £ million**	30 June 2011 £ million	31 December 2011 £ million
ASSETS				
Non-current assets				
Property, plant and equipment		**38**	38	35
Intangible assets	9	**978**	866	848
Interests in joint ventures		**44**	46	41
Retirement benefit assets		**35**	66	32
Other receivables	10	**36**	22	23
Deferred tax assets		**66**	37	72
Total non-current assets		**1,197**	1,075	1,051
Current assets				
Inventories		**4**	2	4
Trade and other receivables		**1,007**	834	844
Derivative financial instruments		**1**	4	4
Current tax receivable		**3**	8	31
Bank deposits (more than three months)		**18**	49	28
Cash and cash equivalents		**452**	406	493
Total current assets		**1,485**	1,303	1,404
Total assets		**2,682**	2,378	2,455
LIABILITIES				
Current liabilities				
Bank loans and overdrafts		**(180)**	-	-
Trade and other payables		**(989)**	(795)	(758)
Derivative financial instruments		**(11)**	(22)	(15)
Current tax payable		**(60)**	(33)	(55)
Total current liabilities		**(1,240)**	(850)	(828)
Non-current liabilities				
Trade and other payables	10	**(1)**	(13)	-
Derivative financial instruments		**-**	(9)	(3)
Retirement benefit liabilities		**(80)**	(58)	(81)
Provisions	11	**(178)**	(185)	(169)
Total non-current liabilities		**(259)**	(265)	(253)
Total liabilities		**(1,499)**	(1,115)	(1,081)
Net assets		**1,183**	1,263	1,374
EQUITY				
Share capital		**163**	169	169
Share premium account		**101**	101	101
Hedging and translation reserves		**123**	128	131
Capital redemption reserve		**23**	17	17
Retained earnings		**772**	846	955
Total equity attributable to equity holders of the parent		**1,182**	1,261	1,373
Non-controlling interests		**1**	2	1
Total equity		**1,183**	1,263	1,374

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Transl'n reserve £ million	Capital redemption reserve £ million	Retained earnings £ million	**Total £ million**	Non-controlling interests £ million	**Total equity £ million**
As at 1 Jan 2012	169	101	(4)	135	17	955	**1,373**	1	**1,374**
Profit for the period	-	-	-	-	-	106	**106**	-	**106**
Exchange movements on translation of foreign subsidiaries	-	-	-	(9)	-	-	**(9)**	-	**(9)**
Net gain on hedges of net investment in foreign subsidiaries	-	-	-	1	-	-	**1**	-	**1**
Tax on net gain on hedges of net investment in foreign subsidiaries	-	-	-	(1)	-	-	**(1)**	-	**(1)**
Effective portion of changes in fair value of cash flow hedges	-	-	2	-	-	-	**2**	-	**2**
Tax on effective portion of changes in fair value of cash flow hedges	-	-	(1)	-	-	-	**(1)**	-	**(1)**
Other comprehensive income for the period	-	-	1	(9)	-	-	**(8)**	-	**(8)**
Total comprehensive income for the period	-	-	1	(9)	-	106	**98**	-	**98**
Dividends	-	-	-	-	-	(98)	**(98)**	-	**(98)**
Equity settled share-based payments	-	-	-	-	-	6	**6**	-	**6**
Acquisition of shares by trustees of the Performance Share Plan	-	-	-	-	-	(6)	**(6)**	-	**(6)**
Acquisition of treasury shares	-	-	-	-	-	(25)	**(25)**	-	**(25)**
Utilisation of treasury shares	-	-	-	-	-	8	**8**	-	**8**
Acquisition of shares under the buyback programme	(6)	-	-	-	6	(133)	**(133)**	-	**(133)**
Forward share purchase agreement at 30 June	-	-	-	-	-	(41)	**(41)**	-	**(41)**
As at 30 Jun 2012	**163**	**101**	**(3)**	**126**	**23**	**772**	**1,182**	**1**	**1,183**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Transl'n reserve £ million	Capital redemption reserve £ million	Retained earnings £ million	**Total £ million**	Non-controlling interests £ million	**Total equity £ million**
As at 1 Jan 2011	169	101	(4)	131	17	858	**1,272**	3	**1,275**
Profit for the period	-	-	-	-	-	79	**79**	-	**79**
Exchange movements on translation of foreign subsidiaries	-	-	-	(2)	-	-	**(2)**	(1)	**(3)**
Net gain on hedges of net investment in foreign subsidiaries	-	-	-	2	-	-	**2**	-	**2**
Effective portion of changes in fair value of cash flow hedges	-	-	1	-	-	-	**1**	-	**1**
Other comprehensive income for the period	-	-	1	-	-	-	**1**	(1)	**-**
Total comprehensive income for the period	-	-	1	-	-	79	**80**	(1)	**79**
Dividends	-	-	-	-	-	(86)	**(86)**	-	**(86)**
Equity settled share-based payments	-	-	-	-	-	5	**5**	-	**5**
Acquisition of shares by trustees of the Performance Share Plan	-	-	-	-	-	(9)	**(9)**	-	**(9)**
Acquisition of treasury shares	-	-	-	-	-	(12)	**(12)**	-	**(12)**
Utilisation of treasury shares	-	-	-	-	-	11	**11**	-	**11**
As at 30 Jun 2011	**169**	**101**	**(3)**	**131**	**17**	**846**	**1,261**	**2**	**1,263**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June 2012 £ million	Six months ended 30 June 2011 £ million	Year ended 31 December 2011 £ million
Cash flow from operating activities			
Profit before income tax from continuing operations	**126**	101	259
Profit/(loss) before income tax from discontinued operations	**9**	(2)	(2)
Profit before income tax	**135**	99	257
Financial income	**(9)**	(12)	(18)
Financial expense	**2**	5	2
Share of post-tax results of joint ventures	**(8)**	(7)	(15)
Intangible amortisation and goodwill impairment	**19**	18	39
Impairment of joint venture investment	**3**	-	-
Depreciation	**5**	5	10
Loss on disposal of businesses	**8**	1	2
Difference between contributions to retirement benefit schemes and current service cost	**-**	-	(7)
Equity settled share-based payments	**6**	5	11
	161	114	281
Increase in inventories	**-**	(1)	(3)
Increase in trade and other receivables	**(156)**	(52)	(62)
Increase/(decrease) in trade and other payables and provisions	**125**	(7)	(7)
Cash generated from operations	**130**	54	209
Tax received/(paid)	**1**	(24)	(36)
Net cash flow from operating activities	**131**	30	173
Cash flow from investing activities			
Acquisition of businesses (net of cash acquired)	**(153)**	(254)	(254)
Funding of joint ventures	**(7)**	(8)	(12)
Purchase of property, plant and equipment	**(7)**	(7)	(12)
Purchase of intangible assets	**(8)**	(4)	(11)
Movement in short-term bank deposits	**10**	147	168
Disposal of businesses (net of cash disposed of)	**(4)**	(3)	(9)
Disposal of property, plant and equipment	**-**	-	1
Interest received	**3**	5	6
Dividends received from joint ventures	**6**	4	17
Amounts paid on maturity of net investment hedges	**(2)**	(8)	(20)
Net cash flow from investing activities	**(162)**	(128)	(126)
Net cash flow before financing activities	**(31)**	(98)	47
Cash flow from financing activities			
Interest paid	**(2)**	-	-
Dividends paid	**(34)**	(25)	(86)
Acquisition of shares for cancellation	**(129)**	-	-
Acquisition of treasury shares (net)	**(17)**	(1)	(1)
Acquisition of shares by trustees of the Performance Share Plan	**(6)**	(9)	(11)
Net cash flow from financing activities	**(188)**	(35)	(98)
Decrease in cash and cash equivalents	**(219)**	(133)	(51)
Cash and cash equivalents as at the beginning of the period	**493**	544	544
Exchange losses on cash and cash equivalents	**(2)**	(5)	-
Cash and cash equivalents as at the end of the period	**272**	406	493

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (continued)

	30 June 2012 £ million	30 June 2011 £ million	31 December 2011 £ million
Cash and cash equivalents consist of:			
Cash at bank and in hand	**351**	157	130
Bank deposits (less than three months)	**101**	249	363
Bank loans and overdrafts*	**(180)**	-	-
Cash and cash equivalents as at the end of the period	**272**	406	493
Bank deposits (more than three months)	**18**	49	28
Net cash as at the end of the period	**290**	455	521

*Bank overdrafts arise from a new global cash pooling arrangement which, from an accounting perspective, must be shown gross.

NOTES TO THE ACCOUNTS

1. CORPORATE INFORMATION

The interim condensed accounts of AMEC plc for the six months ended 30 June 2012 were authorised for issue in accordance with a resolution of the directors on 9 August 2012.

AMEC plc is a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in the UK. The principal activities of the company and its subsidiaries (the group) are described in note 3.

2. PREPARATION OF INTERIM RESULTS

Basis of preparation

This condensed set of accounts 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 accounts 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 2011 except for the group's tax measurement basis (see note 5).

The comparative figures for the year ended 31 December 2011 are not the group's statutory accounts for that financial year but are an extract from those accounts. The statutory accounts for the year ended 31 December 2011 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 498 (2) or (3) of the Companies Act 2006.

The consolidated accounts for the year ended 31 December 2011 were prepared in accordance with IFRS as adopted by the EU. There are no IFRS or IFRIC interpretations effective for the first time this financial year that have had a material impact on the group. The accounts are presented rounded to the nearest million, however, all calculated numbers, for example earnings per share, are calculated on the underlying numbers to one decimal place precision.

The preparation of condensed accounts 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. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

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

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

NOTES TO THE ACCOUNTS (continued)

2. PREPARATION OF INTERIM RESULTS (continued)

Basis of preparation (continued)

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

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

The directors are satisfied that the group has adequate resources to operate for the foreseeable future and, therefore, it is appropriate to continue to adopt the going concern basis in preparing the accounts. At 30 June 2012 the group held net cash of £290 million and on 18 July 2012 the group entered into a five year £377 million multi-currency revolving credit facility.

3. SEGMENTAL ANALYSIS OF CONTINUING OPERATIONS

AMEC has three divisions: Natural Resources, Power & Process and Environment & Infrastructure, that offer high-value consultancy, engineering and project management services to customers in the world's oil and gas, minerals and metals, clean energy, and environment and infrastructure markets. Each of the divisions is considered to be a reportable segment.

AMEC's Chief Executive together with the senior management team constitute the chief operating decision maker and they regularly review the performance of these three divisions, as well as the Investments and other activities segment. The Investments and other activities segment principally comprises the Incheon Bridge PPP project in Korea now in the operational phase, the group's insurance captive and AMEC's residual UK wind development activities. Details of the services offered by each division and the end markets in which they operate are given in the segmental review on pages 5 to 10.

	Revenue			**Profit/(loss)**		
	Six months ended 30 June 2012 £ million	Six months ended 30 June 2011 £ million	Year ended 31 December 2011 £ million	**Six months ended 30 June 2012 £ million**	Six months ended 30 June 2011 £ million	Year ended 31 December 2011 £ million
Class of business:						
Natural Resources	**1,200**	790	1,742	**92**	84	192
Power & Process	**454**	432	849	**39**	35	72
Environment & Infrastructure	**397**	289	722	**36**	24	66
Investments and other activities	**3**	3	7	**3**	(4)	3
	2,054	1,514	3,320	**170**	139	333
Internal revenue	**(28)**	(30)	(59)			
External revenue	**2,026**	1,484	3,261			
Corporate costs[1]				**(18)**	(17)	(34)
EBITA[2]				**152**	122	299
Net financing income[3]				**5**	4	12
Adjusted profit before tax				**157**	126	311
Tax on results of joint ventures[4]				**(2)**	(3)	(7)
				155	123	304
Intangible amortisation and goodwill impairment				**(19)**	(18)	(39)
Exceptional items				**(10)**	(4)	(6)
Profit before income tax				**126**	101	259

NOTES TO THE ACCOUNTS (continued)

3. SEGMENTAL ANALYSIS OF CONTINUING OPERATIONS (continued)

Revenue is analysed by geographical origin as follows:

	Six months ended 30 June 2012 £ million	Six months ended 30 June 2011 £ million	Year ended 31 December 2011 £ million
United Kingdom	**530**	466	976
Canada	**618**	446	929
United States	**550**	326	844
Rest of the World	**328**	246	512
	2,026	1,484	3,261

[1]Corporate costs comprise the costs of operating central corporate functions and certain regional overheads.
[2] EBITA is earnings from continuing operations before net financing income, tax, intangible amortisation and goodwill impairment and pre-tax exceptional items of £140 million (six months ended 30 June 2011: £109 million; year ended 31 December 2011: £273 million), but including joint venture EBIT of £12 million (six months ended 30 June 2011: £13 million: year ended 31 December 2011 : £26 million).
[3]Net financing income includes AMEC's share of net interest payable of joint ventures.
[4]The share of post-tax results of joint ventures is further analysed as follows:

	Six months ended 30 June 2012 £ million	Six months ended 30 June 2011 £ million	Year ended 31 December 2011 £ million
EBIT	**12**	13	26
Net financing income	**(2)**	(3)	(4)
Tax	**(2)**	(3)	(7)
	8	7	15

4. AMORTISATION, IMPAIRMENT AND EXCEPTIONAL ITEMS

	Six months ended 30 June 2012 £ million	Six months ended 30 June 2011 £ million	Year ended 31 December 2011 £ million
Continuing operations:			
Administrative expenses – exceptional items	**(10)**	(7)	(8)
Administrative expenses – intangible amortisation and goodwill impairment	**(19)**	(18)	(39)
	(29)	(25)	(47)
Profit on business disposals and closures	**-**	3	2
	(29)	(22)	(45)
Taxation credit on exceptional items of continuing operations	**3**	2	6
Taxation credit on intangible amortisation and goodwill impairment	**6**	4	11
	9	6	17
Post-tax exceptional amortisation, impairment and exceptional items of continuing operations	**(20)**	(16)	(28)
Exceptional items of discontinued operations (post tax)	**7**	1	25
Post-tax amortisation, impairment and exceptional items	**(13)**	(15)	(3)

NOTES TO THE ACCOUNTS (continued)

4. AMORTISATION, IMPAIRMENT AND EXCEPTIONAL ITEMS (continued)

Post-tax exceptional items are further analysed as follows:

Six months ended 30 June 2012

	Loss on disposals £ million	**Profit in respect of business closures £ million**	**Loss on business disposals and closures £ million**	**Other exceptional items £ million**	**Total £ million**
Continuing operations	**-**	**-**	**-**	**(10)**	**(10)**
Discontinued operations	**(8)**	**-**	**(8)**	**17**	**9**
(Loss)/profit before tax	**(8)**	**-**	**(8)**	**7**	**(1)**
Tax	**2**	**-**	**2**	**(1)**	**1**
(Loss)/profit after tax	**(6)**	**-**	**(6)**	**6**	**-**

Adjustments to provisions held in respect of businesses sold in prior years and foreign exchange movements on provisions established on the disposal of SPIE resulted in the pre-tax exceptional loss on disposals and closures of £8 million.

Other exceptional gains of £7 million include IFRS3 acquisition, transaction and deferred compensation costs along with the costs of funding a joint venture which was part of a recent acquisition. These costs have been offset by the recognition of an insurance receivable following the Supreme Court Judgement on mesothelioma liability, a provision against which was established a number of years ago. Transaction costs of £2 million were incurred in the period.

Six months ended 30 June 2011

	Profit on disposals £ million	Profit in respect of business closures £ million	Profit on business disposals and closures £ million	Other exceptional items £ million	Total £ million
Continuing operations	-	3	3	(7)	(4)
Discontinued operations	(1)	-	(1)	-	(1)
(Loss)/profit before tax	(1)	3	2	(7)	(5)
Tax	2	1	3	1	4
Profit/(loss) after tax	1	4	5	(6)	(1)

Adjustments to provisions held in respect of businesses sold or closed in prior years and foreign exchange movements on provisions established on the disposal of SPIE resulted in the pre-tax exceptional gain on disposals and closures of £2 million.

Other exceptional losses of £7 million include IFRS 3 acquisition, transaction and deferred compensation costs along with the costs of exiting the group’s activities in Libya. Transaction costs of £2 million were incurred in the period.

Year ended 31 December 2011

	Profit/(loss) on disposals £ million	Profit in respect of business closures £ million	Profit/(loss) on business disposals and closures £ million	Other exceptional items £ million	Total £ million
Continuing operations	-	2	2	(8)	(6)
Discontinued operations	(2)	-	(2)	-	(2)
(Loss)/profit before tax	(2)	2	-	(8)	(8)
Tax	27	1	28	5	33
Profit/(loss) after tax	25	3	28	(3)	25

Adjustments to provisions held in respect of businesses sold in prior years, including the release of a tax provision relating to the disposal of AMEC’s Built Environment businesses in 2007, resulted in a post-tax profit on disposals and closures of £28 million.

NOTES TO THE ACCOUNTS (continued)

4. AMORTISATION, IMPAIRMENT AND EXCEPTIONAL ITEMS (continued)

Other exceptional losses of £8 million include IFRS 3 acquisition, transaction and deferred compensation costs along with the costs of exiting the group's activities in Libya and restructuring costs in the Environment & Infrastructure segment following the acquisition of MACTEC. Transaction costs of £3 million were incurred in the year.

5. INCOME TAX

Income tax on the profit before exceptional items and intangible amortisation but including joint venture profit before tax for the six months ended 30 June 2012 is based on an effective rate of 24.0 per cent (six months ended 30 June 2011: 24.1 per cent), which has been calculated by reference to the projected charge for the full year.

On 21 March 2012, in his Budget Speech, the UK Chancellor of the Exchequer announced a reduction in the rate of Corporation Tax from 26 per cent to 24 per cent from 1 April 2012, with further reductions of 1 per cent per annum to 22 per cent by 1 April 2014. As at 30 June 2012, the reduction in the rate to 24 per cent on 1 April 2012 has been substantively enacted. However the remaining reductions in the rate have not yet been substantively enacted and therefore the proposed changes are not reflected in the figures reported.

The decrease in the rate from 24 per cent to 22 per cent would reduce the balance sheet deferred tax asset by approximately £2 million and would have no impact on unrecognised deferred tax assets. During the period to 2014, AMEC estimate that the effect of the proposed changes to income and equity would be a charge of £2 million to the income statement.

6. PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS

Discontinued operations represent the residual assets and retained obligations in respect of businesses sold in prior years.

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

The results of the discontinued operations are as follows:

	Six months ended 30 June 2012 £ million	Six months ended 30 June 2011 £ million	Year ended 31 December 2011 £ million
Cost of sales and net operating expenses	**-**	(1)	-
	-	(1)	-
Loss on disposal	**(8)**	(1)	(2)
Attributable tax on loss on disposal	**2**	2	3
Other exceptional items	**17**	-	-
Attributable tax on other exceptional items	**(4)**	-	-
Adjustment in respect of prior years			
- release of tax provision on disposal of business	**-**	-	24
Profit for the period from discontinued operations	**7**	-	25

NOTES TO THE ACCOUNTS (continued)

7. EARNINGS PER SHARE

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

	Six months ended 30 June 2012			Six months ended 30 June 2011			Year ended 31 December 2011		
	Earnings £ million	**Weighted average shares number million**	**Earnings per share pence**	Earnings £ million	Weighted average shares number million	Earnings per share pence	Earnings £ million	Weighted average shares number million	Earnings per share pence
Basic earnings from continuing operations	**99**	**324**	**30.6**	79	327	24.5	207	327	63.3
Share options	**-**	**2**	**(0.2)**	-	2	(0.2)	-	3	(0.6)
Employee share and incentive schemes	**-**	**4**	**(0.4)**	-	5	(0.3)	-	4	(0.8)
Diluted earnings from continuing operations	**99**	**330**	**30.0**	79	334	24.0	207	334	61.9

	Six months ended 30 June 2012			Six months ended 30 June 2011			Year ended 31 December 2011		
	Earnings £ million	**Weighted average shares number million**	**Earnings per share pence**	Earnings £ million	Weighted average shares number million	Earnings per share pence	Earnings £ million	Weighted average shares number million	Earnings per share pence
Basic earnings from discontinued operations	**7**	**324**	**2.1**	-	327	(0.2)	25	327	7.5
Share options	**-**	**2**	**-**	-	2	-	-	3	-
Employee share and incentive schemes	**-**	**4**	**-**	-	5	-	-	4	(0.1)
Diluted earnings from discontinued operations	**7**	**330**	**2.1**	-	334	(0.2)	25	334	7.4

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

	Six months ended 30 June 2012 £ million	Six months ended 30 June 2011 £ million	Year ended 31 December 2011 £ million
Profit for the period from continuing operations	**99**	79	207
Profit attributable to non-controlling interests	**-**	-	-
Basic and diluted earnings from continuing operations	**99**	79	207

NOTES TO THE ACCOUNTS (continued)

7. EARNINGS PER SHARE (continued)

In order to appreciate the effects on the reported performance of intangible amortisation, goodwill impairment and exceptional items, additional calculations of earnings per share are presented.

	Six months ended 30 June 2012			Six months ended 30 June 2011		
	Earnings £ million	**Weighted average shares number million**	**Earnings per share pence**	Earnings £ million	Weighted average shares number million	Earnings per share pence
Basic earnings from continuing operations	**99**	**324**	**30.6**	79	327	24.5
Exceptional items (post-tax)	**7**	**-**	**2.1**	2	-	0.7
Amortisation and impairment (post-tax)	**13**	**-**	**4.0**	14	-	4.2
Basic earnings from continuing operations before amortisation, impairment and exceptional items	**119**	**324**	**36.7**	95	327	29.4
Share options	**-**	**2**	**(0.2)**	-	2	(0.2)
Employee share and incentive schemes	**-**	**4**	**(0.4)**	-	5	(0.4)
Diluted earnings from continuing operations before amortisation, impairment and exceptional items	**119**	**330**	**36.1**	95	334	28.8

	Year ended 31 December 2011		
	Earnings £ million	Weighted average shares number million	Earnings per share pence
Basic earnings from continuing operations	207	327	63.3
Exceptional items (post-tax)	-	-	0.2
Amortisation and impairment (post-tax)	28	-	8.4
Basic earnings from continuing operations before amortisation, impairment and exceptional items	235	327	71.9
Share options	-	3	(0.6)
Employee share and incentive schemes	-	4	(0.8)
Diluted earnings from continuing operations before amortisation, impairment and exceptional items	235	334	70.5

NOTES TO THE ACCOUNTS (continued)

7. EARNINGS PER SHARE (continued)

	Six months ended 30 June 2012			Six months ended 30 June 2011		
	Earnings £ million	**Weighted average shares number million**	**Earnings per share pence**	Earnings £ million	Weighted average shares number million	Earnings per share pence
Basic earnings from discontinued operations	**7**	**324**	**2.1**	-	327	(0.2)
Exceptional items (post-tax)	**(7)**	**-**	**(2.1)**	(1)	-	(0.2)
Basic earnings from discontinued operations before amortisation, impairment and exceptional items	**-**	**324**	**-**	(1)	327	(0.4)
Share options	**-**	**2**	**-**	-	2	-
Employee share and incentive schemes	**-**	**4**	**-**	-	5	-
Diluted earnings from discontinuing operations before amortisation, impairment and exceptional items	**-**	**330**	**-**	(1)	334	(0.4)

	Year ended 31 December 2011		
	Earnings £ million	Weighted average shares number million	Earnings per share pence
Basic earnings from discontinued operations	25	327	7.5
Exceptional items (post-tax)	(25)	-	(7.5)
Basic earnings from discontinued operations before amortisation, impairment and exceptional items	-	327	-
Share options	-	3	-
Employee share and incentive schemes	-	4	-
Diluted earnings from discontinuing operations before amortisation, impairment and exceptional items	-	334	-

8. DIVIDENDS AND SHARE BUYBACK PROGRAMME

After the balance sheet date the directors declared a dividend of 11.7 pence per share payable on 2 January 2013 to equity holders on the register at the close of business on 30 November 2012. This dividend has not been provided for and there are no income tax consequences for the company.

Dividends of £98 million were charged to reserves during the six months ended 30 June 2012 being the 2011 interim dividend of 10.2 pence per share and the 2011 final dividend of 20.3 pence per share. Dividends totalling £34 million were paid during the six months ended 30 June 2012.

During the period, 14.8 million ordinary shares were purchased at an average price of £10.68 and a total cost of £158 million. Of the shares purchased, 12.6 million shares have subsequently been cancelled.

At 30 June 2012 the company was party to an irrevocable closed season buyback agreement for the purchase of its own ordinary shares for a maximum total cost of £41 million. The purchase of these shares is dependent upon the company's share price not reaching a pre-determined level during the remainder of the contract period. The remaining outstanding share purchase mandate liability of £41 million has been presented as a current liability in accordance with IAS 32.23. The company was not party to any such contract at 30 June 2011 or 31 December 2011.

NOTES TO THE ACCOUNTS (continued)

9. INTANGIBLE ASSETS

	Goodwill £ million	Software £ million	Other £ million	Total £ million
Cost:				
As at 1 January 2012	764	46	164	974
Exchange and other movements	(6)	-	-	(6)
Acquisition of businesses	137	2	11	150
Additions	-	5	-	5
Disposals	-	(1)	(1)	(2)
As at 30 June 2012	**895**	**52**	**174**	**1,121**
Amortisation:				
As at 1 January 2012	39	19	68	126
Provided during the period	-	3	16	19
Disposals	-	(1)	(1)	(2)
As at 30 June 2012	**39**	**21**	**83**	**143**
Net book value:				
As at 30 June 2012	**856**	**31**	**91**	**978**
Cost:				
As at 1 January 2011	597	27	105	729
Exchange and other movements	6	-	1	7
Acquisition of businesses	163	5	84	252
Additions	-	4	-	4
Disposal of businesses	-	-	(3)	(3)
As at 30 June 2011	766	36	187	989
Amortisation:				
As at 1 January 2011	40	15	53	108
Provided during the period*	2	1	15	18
Disposal of businesses	-	-	(3)	(3)
As at 30 June 2011	42	16	65	123
Net book value:				
As at 30 June 2011	724	20	122	866

* Amounts provided during the six months ended 30 June 2011 include £2 million of goodwill allocated to a small business divested during the period.

Due to the proximity of Serco's Technical Services business acquisition (Energy, Safety and Risk Consultants (UK) Limited) to the balance sheet date, the total value of intangible assets acquired has been provisionally recorded in goodwill. See note 12 for more details.

10. OTHER NON-CURRENT ASSETS AND LIABILITIES

Other non-current receivables of £36 million (30 June 2011: £22 million; 31 December 2011: £23 million) represent indemnities received on the acquisition of MACTEC and certain insurance receivables both of which are matched by liabilities included within provisions.

Trade and other payables of £1 million (30 June 2011: £13 million; 31 December 2011: £nil) represents the amount of deferred consideration on acquisitions payable in more than one year.

NOTES TO THE ACCOUNTS (continued)

11. PROVISIONS

The nature and measurement bases of the group's provisions are unchanged from those presented in the 2011 annual report and accounts.

	Litigation settlement and future legal costs £ million	Indemnities granted and retained obligations on disposed businesses £ million	Insurance £ million	Onerous property contracts and provisions to fund joint ventures £ million	Total £ million
As at 1 January 2012	54	66	37	12	169
Exchange movements	-	(1)	-	-	(1)
Utilised	(2)	(4)	(2)	(2)	(10)
Charged/(credited) to the income statement:					
Additional provisions	1	8	2	11	22
Unused amounts reversed	(2)	-	-	-	(2)
As at 30 June 2012	**51**	**69**	**37**	**21**	**178**
As at 1 January 2011	50	66	44	27	187
Exchange movements	-	2	-	-	2
Arising on business combinations	22	-	-	-	22
Utilised	(5)	(3)	(3)	(9)	(20)
Charged/(credited) to the income statement:					
Additional provisions	2	12	-	-	14
Unused amounts reversed	(11)	(8)	-	(1)	(20)
As at 30 June 2011	58	69	41	17	185

12. ACQUISITIONS

The following purchases have been accounted for as acquisitions. Neither of the businesses acquired made a material contribution to consolidated revenue and profit either in the period from their acquisition to 30 June 2012, nor would they have done in the six months ended 30 June 2012 if they had been acquired in January 2012.

Intangible assets recognised at fair value on the acquisition of these businesses included brands, trade names, customer relationships and non-compete agreements. The initial accounting for these acquisitions has been determined provisionally.

Unidel

On 30 May 2012, the group acquired all of the shares in Unidel Group Pty Limited (Unidel).

Unidel is a 260-person company working in Australia's rapidly expanding energy, resources and infrastructure sectors which provides a range of environmental and infrastructure services similar to those of AMEC. Their experience includes projects involving gas field exploration, development, production and transmission, water pipelines and coal seam methane.

The acquisition is fully aligned with AMEC's Vision 2015 strategy and builds AMEC's presence in Australia to some 1,500 employees. It also expands the group's capabilities in one of the key growth regions and allows the group to better serve customers in the oil & gas, minerals & metals and clean energy markets.

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

NOTES TO THE ACCOUNTS (continued)

12. ACQUISITIONS (continued)

Unidel (continued)

	Recognised value £ million
Intangible assets	12
Trade and other receivables	8
Cash and cash equivalents	1
Trade and other payables	(5)
Deferred tax liability	(3)
Net identifiable assets and liabilities	13
Goodwill on acquisition	4
	17
Consideration	
Cash - paid on completion	16
- deferred consideration	1
	17

Goodwill has arisen on the acquisition of Unidel primarily due to its skilled workforce positioned within the strong Australian market which did not meet the criteria for recognition as intangible assets as at the date of acquisition.

Energy, Safety and Risk Consultants

On 29 June 2012, the group acquired all of the shares in Energy, Safety and Risk Consultants (UK) Limited (ESRC). ESRC was Serco Group plc's nuclear technical services business. It is based at a number of sites in the UK and has around 600 people providing consultancy and project solutions for customers including the Ministry of Defence, EDF, Magnox and the Nuclear Decommissioning Authority. The acquisition is fully aligned with AMEC's Vision 2015 growth strategy and further builds AMEC's footprint and capabilities in the clean energy market. The team of highly skilled professionals will complement AMEC's existing expertise in nuclear support activities and enable AMEC to better service its customers.

Due to the proximity of the acquisition to the balance sheet date, it has not been possible to complete the purchase price accounting and the excess of the consideration paid over the net assets acquired has been allocated to goodwill. The provisional accounting will be updated during the second half of the year.

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

	Recognised value £ million
Property, plant and equipment	1
Cash and cash equivalents	1
Trade and other receivables	13
Trade and other payables	(5)
Deferred tax liability	(3)
Net identifiable assets and liabilities	7
Goodwill on acquisition	132
	139
Consideration	
Cash - paid on completion	137
- deferred consideration	2
	139

Other acquisitions

A further £2 million was paid in the period in respect of businesses acquired in 2011 and prior years.

NOTES TO THE ACCOUNTS (continued)

13. CONTINGENT LIABILITIES

The 2011 accounts reported one contingent liability with AMEC Group Limited (‘AGL’) awaiting a retrial in respect of an incident involving a fatality to a subcontractor at the Leftbank Apartments project in Manchester in April 2004 where AMEC was principal contractor. During March 2012, AMEC was found guilty by majority of a breach of the Health and Safety at Work Act, sentencing took place during June 2012 and AGL was fined £300,000.

There have been no significant contingent liabilities identified during the six months ended 30 June 2012.

14. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2012 there were a number of transactions with joint venture entities.

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

	Value of transactions		**Outstanding balance**	
	Six months ended 30 June 2012 £ million	Six months ended 30 June 2011 £ million	**30 June 2012 £ million**	30 June 2011 £ million
Services rendered	**14**	23	**10**	7
Services received	**-**	2	**-**	3
Provision of finance	**2**	7	**17**	13
Management contracts	**-**	2	**-**	2

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

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.

Samir Brikho
Chief Executive

Ian McHoul
Chief Financial Officer

9 August 2012

INDEPENDENT REVIEW REPORT BY ERNST & YOUNG LLP 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 2012 which comprises the condensed consolidated Income Statement, condensed consolidated Statement of Comprehensive Income, condensed consolidated Balance Sheet, condensed consolidated Statement of Changes in Equity, condensed consolidated Cash Flow Statement and the related notes 1 to 14. 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 accounts.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (United Kingdom and Ireland) 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

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 Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual accounts of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of accounts included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union.

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 (United Kingdom 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 United Kingdom. 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 (United Kingdom 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.

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 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
London

9 August 2012