AMEC plc 2010 interim results
AMEC delivers a record operating performance

H1 2010 highlights

Record operating performance – supported by organic growth across the business

- Revenue £1,429.5 million, up 13 per cent
- EBITA[1] £113.5 million, up 20 per cent; margin 7.9 per cent, up 40 basis points
- Confident of beating 2010 EBITA margin[2] target of 8.5 per cent
- Diluted EPS from continuing operations[4] 25.5 pence, up 23 per cent

Order book strengthened further, to £3.5 billion

Continued financial strength - net cash £669.6 million as at 30 June 2010

Interim dividend per share up 20 per cent, to 7.3 pence

Chief Executive Samir Brikho said:

"AMEC has delivered a record first-half performance, with six per cent organic revenue growth and improvements in each of the three divisions. We expect this momentum to continue, building on our strong customer relationships. New contract wins and improvements in the order book signal a further strengthening in our strategic position across core sectors.

"Our balance sheet remains strong and we continue to invest in carefully targeted acquisitions. The interim dividend has been increased by 20 per cent and reflects the board's continuing confidence in the group's prospects.

"We are confident of beating our 8.5 per cent EBITA margin target in 2010, and we are focused on delivering our Vision 2015 strategy. The elevation of five key operations executives to our Group Management Team will support the collaborative delivery of our goals."

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, and Ian McHoul, Chief Financial Officer, is available at amec.com

Next event: Nuclear-themed investor dinner in New York on 26 October; Interim Management Statement on 16 November 2010.

Analyst consensus estimates are collated and circulated to interested parties on a periodic basis. To be added to the circulation, please contact the Investor Relations team.

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Financial highlights

Six months ended 30 June

Continuing operations:		2010	2009	Change (%)
Revenue	(£m)	**1,429.5**	1,259.7	*+13*
EBITA[1]	(£m)	**113.5**	94.5	*+20*
Adjusted profit before tax[3]	(£m)	**115.7**	97.5	*+19*
Profit before tax	(£m)	**113.5**	88.4	*+28*
Adjusted diluted earnings per share[1]	pence	**25.5**	20.8	*+23*
Diluted earnings per share from continuing operations	pence	**26.6**	19.5	*+36*
Dividends per share	pence	**7.3**	6.1	*+20*

Notes:
1. EBITA for continuing operations before intangible amortisation and exceptional items, but including joint venture profit before tax
2. EBITA as defined above as a percentage of revenue
3. EBITA, as defined above, plus net financing income of £2.2 million (30 June 2009: £3.0 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, legacy settlements and pension payments in excess of amounts recognised in the income statement

n/a: not applicable

Basis of presentation
The interim financial information has been prepared on a going concern basis. This is considered appropriate as the group has adequate resources to operate for the foreseeable future and will finance operations and growth from its significant existing cash resources.

The following commentary is based on the results for continuing operations before intangible amortisation and exceptional items but including joint venture profit before tax.

Segmental analysis
Segmental analysis is provided for the group's core activities in the Natural Resources, Power & Process and Earth & Environmental 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 £17.4 million (30 June 2009: £18.8 million) and pre-tax exceptional income of £12.1 million (30 June 2009: £0.2 million)
The average numbers of employees for the half year ended 30 June 2010 and 30 June 2009 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.

The cash flows of discontinued businesses are fully consolidated within AMEC up to the date of sale.
* 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.

Interim results overview

Six months ended 30 June

Continuing operations		2010	*Underlying business*	*Currency exchange*	*Acquisitions*	2009
Revenue	(£m)	**1,429.5**	**74.5**	**45.6**	**49.7**	**1,259.7**
Y-on-Y change	*(%)*	*+13*	*+6*	*+3*	*+4*	
EBITA	(£m)	**113.5**	**8.5**	**7.3**	**3.2**	**94.5**
Y-on-Y change	*(%)*	*+20*	*+9*	*+8*	*+3*	
EBITA margin	(%)	**7.9**				**7.5**
Y-on-Y change	*(bps)*	*+40*				
Operating cash flow[5]	(£m)	**60.0**				**74.0**
Y-on-Y change	*(%)*	*(19)*				
Order book	(£bn)	**3.5**				**3.2**
Y-on-Y change	*(%)*	*+8*				
Average number of employees		**21,974**				**21,456**
Y-on-Y change	*(%)*	*+2*				

Revenue for the first six months of 2010 increased by 13 per cent to £1,429.5 million (30 June 2009: £1,259.7 million). The **underlying revenue** increased by 6 per cent, with improvements across all three divisions.

EBITA increased 20 per cent to £113.5 million (30 June 2009: £94.5 million) and **margin** improved by 40 basis points to 7.9 per cent (30 June 2009: 7.5 per cent). The **underlying EBITA** increased by 9 per cent.

Adjusted profit before tax of £115.7 million in H1 2010 was ahead of the previous year (30 June 2009: £97.5 million). A reconciliation of the movement from adjusted profit before tax to **profit before tax** of £113.5 million (30 June 2009: £88.4 million) is shown in note 2 on page 23. The **tax charge** for H1 2010 was £24.7 million (30 June 2009: £22.6 million), the post-tax loss from discontinued operations was £0.2 million (30 June 2009: profit of £0.1 million), resulting in a **total profit** for H1 2010 of £88.6 million (30 June 2009: £65.9 million).

Adjusted diluted earnings per share from continuing operations were 25.5 pence (30 June 2009: 20.8 pence).

Operating cash flow for the period was £60 million, down £14 million from the comparable period last year, reflecting the strong growth in the second quarter and resulting working capital outflow.

A 20 per cent increase in the **interim dividend** to 7.3 pence per share (30 June 2009: 6.1 pence) demonstrates the Board's continuing confidence in the group's future performance.

Outlook

As usual, the second half of 2010 is expected to be stronger than the first six months of the year. Growth in the second quarter was ahead of company expectations; and so the relative weighting towards the second half of the year is no longer expected to be higher than usual, as had been previously flagged in the Interim Management Statement on 13 May 2010. The overall market for AMEC's services continues to improve and customer spending in most areas is returning, as evidenced by the growth in the order book and project pipeline.

The board is confident of beating the EBITA margin target of 8.5 per cent in 2010.

AMEC's balance sheet remains very strong and operating cash flow in the full year is expected to be good. Management remains focused on the delivery of Vision 2015, which includes maximising shareholder returns via further selective value-enhancing acquisitions.

Segmental review

Natural Resources

Natural Resources comprise AMEC's activities in Oil & Gas services (44 per cent of revenues in H1 2010), Oil Sands (38 per cent), and Mining & Metals (18 per cent). Services are provided in both asset development and asset support and include consultancy, design, engineering, procurement, project management, construction management, commissioning and operational support. In the first half of 2010, capex activities generated 68 per cent of total divisional revenues, and opex activities represented 32 per cent (30 June 2009: capex 60 per cent; opex 40 per cent).

Continuing operations Six months ended 30 June		**2010**	*Underlying business*	*Currency exchange*	*Acquisitions*	**2009**
Revenue	(£m)	**730.9**	**27.2**	**35.2**	**37.0**	**631.5**
Y-on-Y change	*(%)*	*+16*	*+4*	*+6*	*+6*	
EBITA	(£m)	**81.1**	**1.2**	**5.2**	**1.7**	**73.0**
Y-on-Y change	*(%)*	*+11*	*+2*	*+7*	*+2*	
EBITA margin	(%)	**11.1**				**11.6**
Y-on-Y change	*(bps)*	*-50*				
Order book	(£bn)	**1.81**				**1.73**
Y-on-Y change	*(%)*	*+5*				
Average number of employees		**9,616**				**9,609**
Y-on-Y change	*(%)*	*In line*				

The Natural Resources division performed well in the first half of 2010.

Overall **revenue** improved 16 per cent to £730.9 million, with good organic growth in Canada and particularly in the oil sands sector.

EBITA improved (up 11 per cent to £81.1 million), whilst the **EBITA margin** declined to 11.1 per cent, down 50 basis points from the industry-leading level of 11.6 per cent in H1 2009. This is partly the result of the GRD Minproc acquisition, which, in line with the company's expectations, broke even in the first half; and partly the result of customer pricing pressure which was mitigated by the Operational Excellence programme and associated efficiency benefits. Margins in both capex and opex declined, to 12.7 per cent and 7.6 per cent respectively (30 June 2009: capex 13.6 per cent; opex 8.6 per cent).

The average number of employees in Natural Resources remained steady at 9,616, and now includes Currie & Brown (Australia), acquired in January, and GRD Minproc.

Recent contract wins reflect Natural Resources' strategic positions across core market sectors and demonstrate the strength of customer relationships that underpin them.

ExxonMobil remains Natural Resources' largest customer, and projects include the Kearl oil sands project in Canada and Kizomba Satellites, offshore Angola.

The strategic relationship with BP has been strengthened by recent awards including the five-year master services agreement in Azerbaijan and work on the next, 'define', phase of the Clair Ridge project. Historically, AMEC has not had a major presence in the Gulf of Mexico; the region generated less than £10 million of revenues in 2009 and AMEC saw no direct impact on its business from the Macondo oil spill. The global deepwater segment remains a core focus of AMEC's Vision 2015.

H1 contract wins included:

Capex

- **Northgate Minerals Corporation:** EPCM (engineering, procurement and construction management) contract for the Young-Davidson Gold Project, Canada
- **Terrane Metals Corp:** EPCM services for Mt. Milligan copper-gold project (in JV with Fluor), Canada
- **PanAust Limited:** Detailed engineering and procurement services contract for Ban Houayxai gold and silver project, Laos
- **Chevron:** Front end engineering and design (FEED) for the Mafumerira Sul project, offshore Angola
- **Gateway Storage Company:** FEED for both the offshore and onshore elements of the Gateway offshore underground gas storage scheme, UK.

Opex

- **BP:** Five-year Master Services Agreement; the first contract under this agreement has already been awarded to AMEC and its joint venture partners, Azerbaijan
- **Bluewater:** Engineering and maintenance services contract for two FPSO vessels, UK Continental Shelf
- **Shell:** Three-year contract extension for the Shell ONEgas joint venture contract worth €200 million a year for the joint venture, Southern North Sea
- **South Hook LNG Terminal Co**: Three-year (engineering, design) services contract, South Wales.

The **order book** and **project pipeline** have also improved. The order book can be analysed as follows:

- Capex 47 per cent; opex 53 per cent (30 June 2009: capex 78 per cent; opex 22 per cent). The shift towards opex reflects the phasing of the Kearl oil sands project.
- UK/Europe 43 per cent; Americas 29 per cent; Rest of World 28 per cent (30 June 2009: UK/Europe 35 per cent; Americas 24 per cent; Rest of World 41 per cent).

Further improvement is expected in the second half of 2010, with margins, as is typical, expected to be above first half levels.

Power & Process

The Power & Process division comprises of four core sectors identified as areas of significant long-term growth and existing competitive strength: Nuclear (29 per cent of H1 2010 divisional revenue), Renewables and Bioprocess (28 per cent), Conventional Power (24 per cent) and Transmission & Distribution (19 per cent).

The division serves a broad range of public, private, and utility customers principally located in the UK and Americas. In the first half, capex activities generated 34 per cent of total divisional revenues, and opex activities represented 66 per cent (30 June 2009: capex 27 per cent; opex 73 per cent).

Continuing operations **Six months ended 30 June**		**2010**	*Underlying business*	*Currency exchange*	*Acquisitions*	**2009**
Revenue	(£m)	**448.0**	**34.3**	**7.3**	**n/a**	**406.4**
Y-on-Y change	*(%)*	*+10*	*+8*	*+2*		
EBITA	(£m)	**31.4**	**5.5**	**0.9**	**n/a**	**25.0**
Y-on-Y change	*(%)*	*+26*	*+22*	*+4*		
EBITA margin	(%)	**7.0**				**6.2**
Y-on-Y change	*(bps)*	*+80*				
Order book	(£bn)	**1.36**				**1.27**
Y-on-Y change	*(%)*	*+7*				
Average number of employees		**7,424**				**7,394**
Y-on-Y change	*(%)*	*in line*				

Revenue for the period was up 10 per cent, to £448.0 million (30 June 2009: £406.4 million), reflecting a return to organic growth in the UK at improved margins, and providing further evidence of the successful refocusing of the division.

EBITA increased 26 per cent, to £31.4 million (30 June 2009: £25.0 million), due to revenue growth and improvements in operational efficiency, offset by pricing pressures. The Sellafield joint venture contract contributed £6 million (30 June 2009: £7 million). Overall **EBITA margin** improved to 7.0 per cent, up 80 basis points from 6.2 per cent in the prior comparable period.

Power and Process **contract awards** in 2010 highlight the division's focus on its core sectors and the strength of strategic customer relationships.

- **Nuclear: EDF Energy:** major 11-year contract to support the Architect Engineering operation for the proposed delivery of four new EPR (European Pressurised Water Reactor) nuclear reactors at Hinkley Point and Sizewell, UK. **Skoda JS**: one-year contract to supply the decontamination equipment for its ENEL new build programme at the Mochovce nuclear power plant, Slovakia. **Sellafield Limited**: two-year contract for the early phase (project definition, design and cost) programme of the Highly Active Effluent Facility project, UK. **CEZ**: five-year contract for the management of radioactive waste at their nuclear power plant in Dukovany, Czech Republic.
- **Renewables and bioprocesses: Kruger Energy:** engineering, procurement, construction contract for the Chatham Wind Power project, in Ontario, Canada. **EnergySource LLC:** engineering services for a 49-megawatt, $350 million geothermal power generating facility at Salton Sea, California, US.
- **Conventional power: EDF Energy:** extension of the Hill Top Farm gas storage facility, to include the design, installation and commissioning of the filtration and compression facilities, after-cooling, de-hydration, metering and utility equipment in Warmingham, UK.

Elsewhere, in **Transmission & Distribution**, activity on National Grid's North American contract is progressing well and within the **Conventional Power** sector, work on EDF Energy's West Burton combined cycle gas turbine power station project is increasing.

Good progress has been 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.

The **order book** at 30 June was £1.36 billion (30 June 2009: £1.27 billion), up on the previous year with the inclusion in particular of the EDF Energy nuclear new build contract. The order book can be analysed as follows:

- Capex 51 per cent; opex 49 per cent (2008: capex 34 per cent; opex 66 per cent)
- UK/Europe 61 per cent; Americas 39 per cent (30 June 2009: UK/Europe 60 per cent; Americas 40 per cent)

The Sellafield contract, as an equity accounted joint venture, is not included in the Power & Process order book.

Organic growth is expected to continue in the second half, despite market conditions in North America, which remain challenging.

Earth & Environmental

The Earth & Environmental division provides a range of specialist environmental, geotechnical, programme management, engineering and consultancy services to a broad range of customers in the public and private sectors. Work is also performed for customers common to the Natural Resources and Power & Process divisions. The main sectors are: Federal/State/Provincial (24 per cent of H1 2010 revenues), Industrial/Commercial (12 per cent), Transportation/Infrastructure (17 per cent), Mining (17 per cent), Energy (13 per cent) and Municipal/Water (17 per cent).

Continuing operations **Six months ended 30 June**		**2010**	*Underlying business*	*Currency exchange*	*Acquisitions*	**2009**
Revenue	(£m)	**275.3**	**14.6**	**4.4**	**12.7**	**243.6**
Y-on-Y change	*(%)*	*+13*	*+6*	*+2*	*+5*	
EBITA	(£m)	**21.4**	**1.3**	**1.2**	**1.5**	**17.4**
Y-on-Y change	*(%)*	*+23*	*+7*	*+7*	*+9*	
EBITA margin	(%)	**7.8**				**7.1**
Y-on-Y change	*(bps)*	*+70*				
Order book	(£bn)	**0.31**				**0.22**
Y-on-Y change	*(%)*	*+41*				
Average number of employees		**4,732**				**4,223**
Y-on-Y change	*(%)*	*+12*				

Revenue increased by 13 per cent to £275.3 million in the first half (30 June 2009: £243.6 million). Performance was strong in Western Canada and North East United States and in the mining and water sectors. The water business was enhanced by the acquisition of Entec Holdings Limited (Entec), which added 700 people in the UK, including 300 water-focused specialist consultants.

EBITA increased 23 per cent to £21.4 million in the six months to 30 June 2010 (30 June 2009: £17.4 million), with underlying growth, acquisitions and currency movements all contributing. Overall **EBITA margin** increased 70 basis points to 7.8 per cent (2009: 7.1 per cent).

The average number of employees in Earth & Environmental for the period increased by 12 per cent compared to the previous comparable period, including the acquisition of Entec.

The **order book** improved in the first half of the year to £0.31 billion (30 June 2009 £0.22 billion). **New contracts** announced in 2010 reflect the strength of the federal, mining and water sectors. Unlike AMEC's other divisions, Earth & Environmental conducts a large number of small contracts; average contract size is approximately US$40,000. Some of the larger recent contracts include:

- **US Navy:** AMEC-led joint venture among the winners of a five-year, US$4 billion framework contract for design and construction work to support the U.S. Defence Policy Review Initiative in the Pacific region (Guam relocation)

- **US Government:** among the parties selected for the major energy sustainability agreement or blanket purchase agreements (BPAs) totalling US$500 million in services on a broad spectrum of energy conservation projects
- **Southwestern Illinois Flood Prevention District Council:** selected AMEC to manage the redesign and repair of 64 miles of levees in three counties along the Mississippi River, Illinois, US
- **Town of Miami, Arizona:** AMEC won an engineering services project to design the replacement of the town's wastewater collection systems, Arizona, US.

Normal underlying seasonal improvement in activity levels is expected in the second half of the year.

Investments and other (I&O)

This principally comprises the Incheon Bridge PPP project in Korea, residual wind assets in the UK and the group's in-house insurance operations.

Revenue in this division declined to £1.8 million (30 June 2009: £7.9 million) reflecting the exit from non-core activities. I&O made a loss of £3.0 million in the first half (30 June 2009: a loss of £2.1 million), largely relating to development costs of the residual UK wind assets. These assets are non-core and will eventually be sold.

Financial review

Geographic analysis

Some 72 per cent of H1 2010 revenues (30 June 2009: 70 per cent) were generated outside the UK, with the group's largest market being Canada, driven by oil sands, nuclear, mining and wind.

Administrative expenses

Administrative expenses increased by £12.5 million to £102.4 million during H1 2010 (30 June 2009: £89.9 million) largely as a result of acquisitions and currency movements.

Taxation – continuing operations

The group's effective **tax rate** for the first six months of 2010 for the continuing businesses (including tax attributable to joint venture interests) before exceptional items and excluding intangible amortisation was 26.6 per cent (30 June 2009: 28.1 per cent). The reduction principally reflects the corporate tax rate reduction in Canada and focused management of tax affairs.

The full year tax rate is expected to reduce further to around 26 per cent. In line with Vision 2015, the tax rate will continue to be managed actively.

Intangible amortisation

Intangible amortisation relates to capitalised software and intangible assets acquired as part of the group's acquisitions. The first half charge of £11.4 million is £4.8 million higher than in 2009 with the increase due to the acquisitions in the first half and last year.

Exceptional items

One small business was divested during the first half of 2010. In addition, there were various adjustments to existing provisions in respect of prior year disposals, resulting in an aggregate pre-tax exceptional gain of £14.5 million.

Other exceptional items include IFRS3 acquisition, transaction and deferred compensation costs of £3.9 million and a net profit of £0.4 million in respect to legacy contracts. AMEC continues to make progress in settling legacy disputes where it is reasonable to do so.

Financial position and net cash

The group remains in a strong financial position, with **net cash** as at 30 June 2010 of £669.6 million (30 June 2009: £698.8 million).

Consistent with Vision 2015, a progressive approach has been adopted for the interim dividend.

Cash generated from operations in the first half of 2010 was £38.3 million (2009: £60.2 million). After adjusting for exceptional items and discontinued operations, legacy settlements and pension payments, in excess of amounts recognised in the income statement but including dividends received from joint ventures, operating cash flow was £60 million (2009: £74 million). The year-on-year reduction in operating cash flow reflects the organic growth across all divisions - notably in the second quarter - and the related working capital outflows.

Pensions

The IAS 19 surplus of the principal UK pension schemes at 30 June 2010 was £29.8 million (31 December 2009 £26.8 million). The schemes have operated on a career average salary basis since 1 January 2008, and remain open to future accrual and new entrants.

The net charge to the profit and loss account in 2010 from pensions, including both the current service accrual and net financing income, is expected to be broadly in-line with last year (31 December 2009: £6.6m).

Provisions

Provisions held at 30 June 2010 were £170.8 million (31 December 2009: £180.4 million). During 2010, £4.8 million of the brought forward provisions were utilised. As part of the ongoing review of the potential liabilities, £6.5 million of provisions were released as they were no longer required but an additional £4.6 million of provisions were created. Foreign currency movements and transfers from trade and other payables increased provisions by a further £2.9 million.

Provisions are analysed as follows:

As at 30 June 2010	£ million
Litigation provisions	50.4
Indemnities granted to buyers and retained obligations on disposed businesses	68.2
Insurance and onerous property	52.2
Total	170.8

Auditors

Ernst & Young were confirmed as AMEC's auditors at the AGM on 13 May 2010.

Board changes

As previously announced, Neil Carson, Chief Executive of Johnson Matthey Plc, will join the board as a non-executive director on 31 August 2010.

Management team changes

Following the successful implementation of the Operational Excellence programme, AMEC is focused on growth and the delivery of Vision 2015.

The following changes have been made to emphasise this on-going focus on delivery.

- Neil Bruce has been appointed Chief Operating Officer for AMEC, with the Earth & Environmental division now also brought under his leadership.
- Five key operations executives have been elevated to the Group Management Team, namely:
    - Tony Cruddas, President, Growth Regions
    - Tim Gelbar, President, Power & Process Americas
    - Simon Naylor, President, Natural Resources Americas
    - John Pearson, Managing Director, Natural Resources Europe & West Africa
    - Mike Saunders, President, Power & Process Europe

  Roger Jinks, President, Earth & Environmental is already a member of the Group Management Team.

Separately, Michael Blacker, General Counsel and Company Secretary will retire at the end of September 2010. Roger Jinks will step down as President, Earth & Environmental at the end of 2010 but will continue to work for AMEC until his retirement in late 2011. Replacements will be announced for both roles in due course.

Details of the full Group Management Team, including biographies, are available at www.amec.com/aboutus.

Business risks and opportunities

AMEC operates in more than 40 countries globally, serving a broad range of markets and customers. As such, the company is subject to certain general and industry-specific risks. Where practicable, the company 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. The risk 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.

AMEC continues to assess and monitor potential impacts from the global economic uncertainty on project opportunities and address potential increased supply chain risk. The overall market for AMEC's services continues to improve and customer spending in most areas is returning, as evidenced by a growing order book and project pipeline. The group's order book has remained strong at £3.5 billion (December 2009: £3.2 billion).

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 31 to 35 of the 2009 annual report and accounts. These are environmental and social risk; health and safety; security of employees; business continuity; credit; customer concentration; bidding risk; project execution risk; litigation; pensions; counterparty risk management; funding and liquidity risk; treasury risks; interest rate risk; foreign exchange risk; transaction exposures; translation exposures; information technology; legacy risk; and acquisitions.

Notes to Editors:

AMEC plc

AMEC plc (LSE: AMEC) is a focused supplier of high-value consultancy, engineering and project management services to the world's natural resources, nuclear, clean energy, water and environmental sectors. With annual revenues of over £2.5 billion, AMEC designs, delivers and maintains strategic and complex assets for its customers. The company employs some 23,000 people in more than 40 countries globally. See amec.com

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June 2010		
		Before amortisation and exceptional items £ million	Amortisation and exceptional items (note 3) £ million	Total £ million
Continuing operations				
Revenue	2	1,429.5	-	1,429.5
Cost of sales		(1,225.6)	-	(1,225.6)
Gross profit		203.9	-	203.9
Administrative expenses		(102.4)	(15.3)	(117.7)
Profit on business disposals and closures		-	16.0	16.0
Profit before net financing income		101.5	0.7	102.2
Financial income		4.3	-	4.3
Financial expense		(2.1)	-	(2.1)
Net financing income		2.2	-	2.2
Share of post-tax results of joint ventures		9.1	-	9.1
Profit before income tax	2	112.8	0.7	113.5
Income tax	4	(27.9)	3.2	(24.7)
Profit for the period from continuing operations		84.9	3.9	88.8
(Loss)/profit for the period from discontinued operations	5	(0.6)	0.4	(0.2)
Profit for the period		84.3	4.3	88.6
Attributable to:				
Equity holders of the parent				88.5
Non-controlling interests				0.1
				88.6
Basic earnings/(loss) per share:	6			
Continuing operations				27.2p
Discontinued operations				(0.1)p
				27.1p
Diluted earnings/(loss) per share:	6			
Continuing operations				26.6p
Discontinued operations				(0.1)p
				26.5p

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June 2009 Before amortisation and exceptional items £ million	Amortisation and exceptional items (note 3) £ million	Total £ million
Continuing operations				
Revenue	2	1,259.7	-	1,259.7
Cost of sales		(1,083.7)	2.2	(1,081.5)
Gross profit		176.0	2.2	178.2
Administrative expenses		(89.9)	(8.6)	(98.5)
Profit on business disposals and closures		-	-	-
Profit/(loss) before net financing income		86.1	(6.4)	79.7
Financial income		6.5	-	6.5
Financial expense		(3.5)	-	(3.5)
Net financing income		3.0	-	3.0
Share of post-tax results of joint ventures		5.7	-	5.7
Profit/(loss) before income tax	2	94.8	(6.4)	88.4
Income tax	4	(24.7)	2.1	(22.6)
Profit/(loss) for the period from continuing operations		70.1	(4.3)	65.8
(Loss)/profit for the period from discontinued operations	5	(1.4)	1.5	0.1
Profit/(loss) for the period		68.7	(2.8)	65.9
Attributable to:				
Equity holders of the parent				65.3
Non-controlling interests				0.6
				65.9
Basic earnings per share:	6			
Continuing operations				20.0p
Discontinued operations				-
				20.0p
Diluted earnings per share:	6			
Continuing operations				19.5p
Discontinued operations				-
				19.5p

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December 2009 Before amortisation, impairment and exceptional items £ million	Amortisation, impairment and exceptional items (note 3) £ million	Total £ million
Continuing operations				
Revenue	2	2,539.1	-	2,539.1
Cost of sales		(2,162.4)	2.2	(2,160.2)
Gross profit		376.7	2.2	378.9
Administrative expenses		(185.8)	(19.4)	(205.2)
Profit on business disposals and closures		-	10.4	10.4
Profit/(loss) before net financing income		190.9	(6.8)	184.1
Financial income		12.4	-	12.4
Financial expense		(5.1)	-	(5.1)
Net financing income		7.3	-	7.3
Share of post-tax results of joint ventures		12.1	-	12.1
Profit/(loss) before income tax	2	210.3	(6.8)	203.5
Income tax		(53.0)	6.2	(46.8)
Profit/(loss) for the year from continuing operations		157.3	(0.6)	156.7
Profit for the year from discontinued operations	5	2.0	13.9	15.9
Profit for the year		159.3	13.3	172.6
Attributable to:				
Equity holders of the parent				171.7
Non-controlling interests				0.9
				172.6
Basic earnings per share:	6			
Continuing operations				47.6p
Discontinued operations				4.9p
				52.5p
Diluted earnings per share:	6			
Continuing operations				46.7p
Discontinued operations				4.8p
				51.5p

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June 2010 £ million	Six months ended 30 June 2009 £ million	Year ended 31 December 2009 £ million
Profit for the period	**88.6**	65.9	172.6
Actuarial losses on defined benefit pension schemes	**-**	-	(169.9)
Tax on actuarial losses	**-**	-	57.0
Exchange movements on translation of foreign subsidiaries	**40.9**	(52.6)	(3.7)
Net (loss)/gain on hedges of net investment in foreign subsidiaries	**(10.9)**	26.5	11.6
Cash flow hedges:			
Effective portion of changes in fair value	**0.4**	8.4	6.6
Transferred to the income statement	**-**	-	0.3
Tax on effective portion of changes in fair value of cash flow hedges	**(0.1)**	(2.3)	(2.2)
Group share of changes in fair value of cash flow hedges within joint venture entities (net of tax)	**(5.1)**	-	-
Other comprehensive income	**25.2**	(20.0)	(100.3)
Total comprehensive income	**113.8**	45.9	72.3
Attributable to:			
Equity holders of the parent	**113.5**	45.8	71.6
Non-controlling interests	**0.3**	0.1	0.7
Total comprehensive income	**113.8**	45.9	72.3

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**30 June 2010 £ million**	30 June 2009 £ million	31 December 2009 £ million
ASSETS				
Non-current assets				
Property, plant and equipment		**33.5**	45.5	44.1
Intangible assets	8	**553.8**	379.0	454.4
Interests in joint ventures		**67.5**	32.2	61.0
Other investments		**0.1**	0.9	0.3
Derivative financial instruments		**1.8**	1.8	1.4
Retirement benefit assets		**29.8**	168.2	26.8
Deferred tax assets		**67.0**	20.3	68.4
Total non-current assets		**753.5**	647.9	656.4
Current assets				
Inventories		**5.7**	6.0	5.4
Trade and other receivables		**671.6**	554.4	520.2
Derivative financial instruments		**2.9**	1.4	1.8
Current tax receivables		**-**	-	8.9
Bank deposits (more than three months)		**211.4**	94.3	130.7
Cash and cash equivalents		**458.2**	604.5	612.0
Total current assets		**1,349.8**	1,260.6	1,279.0
Total assets		**2,103.3**	1,908.5	1,935.4
LIABILITIES				
Current liabilities				
Trade and other payables		**(700.5)**	(585.1)	(579.3)
Derivative financial instruments		**(15.4)**	(10.7)	(10.6)
Current tax payable		**(62.5)**	(50.5)	(69.3)
Total current liabilities		**(778.4)**	(646.3)	(659.2)
Non-current liabilities				
Trade and other payables	9	**(18.1)**	(18.7)	(16.3)
Derivative financial instruments		**(30.0)**	(15.9)	(22.3)
Retirement benefit liabilities		**(34.4)**	(8.8)	(30.9)
Deferred tax liabilities		**-**	(33.2)	-
Provisions	10	**(170.8)**	(185.6)	(180.4)
Total non-current liabilities		**(253.3)**	(262.2)	(249.9)
Total liabilities		**(1,031.7)**	(908.5)	(909.1)
Net assets	2	**1,071.6**	1,000.0	1,026.3
EQUITY				
Share capital		**169.0**	169.0	169.0
Share premium account		**100.7**	100.7	100.7
Hedging and translation reserves		**91.5**	40.2	72.5
Capital redemption reserve		**17.2**	17.2	17.2
Retained earnings		**689.5**	670.2	663.5
Total equity attributable to equity holders of the parent		**1,067.9**	997.3	1,022.9
Non-controlling interests		**3.7**	2.7	3.4
Total equity		**1,071.6**	1,000.0	1,026.3

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 2010	169.0	100.7	(4.5)	77.0	17.2	663.5	**1,022.9**	3.4	**1,026.3**
Profit for the period	-	-	-	-	-	88.5	**88.5**	0.1	**88.6**
Exchange movements on translation of foreign subsidiaries	-	-	-	40.7	-	-	**40.7**	0.2	**40.9**
Net loss on hedges of net investment in foreign subsidiaries	-	-	-	(10.9)	-	-	**(10.9)**	-	**(10.9)**
Effective portion of changes in fair value of cash flow hedges	-	-	0.4	-	-	-	**0.4**	-	**0.4**
Tax on effective portion of changes in fair value of cash flow hedges	-	-	(0.1)	-	-	-	**(0.1)**	-	**(0.1)**
Group share of changes in fair value of cash flow hedges within joint venture entities (net of tax)	-	-	(5.1)	-	-	-	**(5.1)**	-	**(5.1)**
Other comprehensive income for the period	-	-	(4.8)	29.8	-	-	**25.0**	0.2	**25.2**
Total comprehensive income for the period	-	-	(4.8)	29.8	-	88.5	**113.5**	0.3	**113.8**
Dividends	-	-	-	-	-	(57.8)	**(57.8)**	(0.3)	**(58.1)**
Shares issued	-	-	-	-	-	-	**-**	0.3	**0.3**
Equity settled share-based payments	-	-	-	-	-	6.8	**6.8**	-	**6.8**
Acquisition of shares by trustees of the Performance Share Plan	-	-	-	-	-	(4.6)	**(4.6)**	-	**(4.6)**
Acquisition of treasury Shares	-	-	-	-	-	(8.2)	**(8.2)**	-	**(8.2)**
Utilisation of treasury shares	-	-	-	-	-	1.3	**1.3**	-	**1.3**
Recognised in profit on disposal	-	-	-	(6.0)	-	-	**(6.0)**	-	**(6.0)**
As at 30 Jun 2010	**169.0**	**100.7**	**(9.3)**	**100.8**	**17.2**	**689.5**	**1,067.9**	**3.7**	**1,071.6**

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 2009	169.0	100.7	(9.2)	68.9	17.2	656.7	**1,003.3**	2.6	**1,005.9**
Profit for the period	-	-	-	-	-	65.3	**65.3**	0.6	**65.9**
Exchange movements on translation of foreign subsidiaries	-	-	-	(52.1)	-	-	**(52.1)**	(0.5)	**(52.6)**
Net gain on hedges of net investment in foreign subsidiaries	-	-	-	26.5	-	-	**26.5**	-	**26.5**
Effective portion of changes in fair value of cash flow hedges	-	-	8.4	-	-	-	**8.4**	-	**8.4**
Tax on effective portion of changes in fair value of cash flow hedges	-	-	(2.3)	-	-	-	**(2.3)**	-	**(2.3)**
Other comprehensive income for the period	-	-	6.1	(25.6)	-	-	**(19.5)**	(0.5)	**(20.0)**
Total comprehensive income for the period	-	-	6.1	(25.6)	-	65.3	**45.8**	0.1	**45.9**
Dividends	-	-	-	-	-	(50.4)	**(50.4)**	-	**(50.4)**
Equity settled share-based payments	-	-	-	-	-	4.7	**4.7**	-	**4.7**
Tax on equity settled share-based payments	-	-	-	-	-	2.8	**2.8**	-	**2.8**
Acquisition of shares by trustees of the Performance Share Plan	-	-	-	-	-	(9.8)	**(9.8)**	-	**(9.8)**
Utilisation of treasury Shares	-	-	-	-	-	0.9	**0.9**	-	**0.9**
As at 30 Jun 2009	**169.0**	**100.7**	**(3.1)**	**43.3**	**17.2**	**670.2**	**997.3**	**2.7**	**1,000.0**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June 2010 £ million	Six months ended 30 June 2009 £ million	Year ended 31 December 2009 £ million
Cash flow from operating activities			
Profit before income tax from continuing operations	**113.5**	88.4	203.5
(Loss)/profit before income tax from discontinued operations	**(1.9)**	3.6	3.4
Profit before income tax	**111.6**	92.0	206.9
Financial income	**(4.3)**	(6.5)	(12.4)
Financial expense	**2.1**	3.5	5.1
Share of post-tax results of joint ventures	**(9.1)**	(5.7)	(12.1)
Intangible amortisation and goodwill impairment	**11.4**	6.6	15.7
Depreciation	**7.1**	6.7	13.9
Profit on disposal of businesses	**(14.5)**	(2.7)	(3.5)
Loss/(profit) on disposal of property, plant and equipment	**-**	(0.1)	0.8
Difference between contributions to retirement benefit schemes and amounts recognised	**(1.5)**	(2.5)	(11.4)
Equity settled share-based payments	**6.8**	4.7	10.7
	109.6	96.0	213.7
(Increase)/decrease in inventories	**(0.7)**	5.7	6.3
(Increase)/decrease in trade and other receivables	**(138.8)**	127.9	182.3
Increase/(decrease) in trade and other payables and provisions	**68.2**	(169.4)	(160.0)
Cash generated from operations	**38.3**	60.2	242.3
Interest paid	**-**	(1.2)	(2.3)
Tax paid	**(23.0)**	(49.4)	(70.5)
Net cash flow from operating activities	**15.3**	9.6	169.5
Cash flow from investing activities			
Acquisition of businesses (net of cash acquired)	**(84.0)**	(29.3)	(117.6)
Purchase of joint ventures	**(9.7)**	(2.7)	(4.7)
Purchase of property, plant and equipment	**(2.4)**	(8.0)	(9.3)
Purchase of intangible assets	**(4.6)**	(0.6)	(5.7)
Investment in short-term bank deposits	**(80.7)**	(94.3)	(130.7)
Disposal of businesses (net of cash disposed of)	**16.1**	0.9	(6.2)
Disposal of joint ventures and other investments	**0.2**	-	-
Disposal of property, plant and equipment	**0.1**	0.5	2.6
Interest received	**2.4**	4.6	12.1
Dividends received from joint ventures	**6.1**	3.7	9.0
Net cash flow from investing activities	**(156.5)**	(125.2)	(250.5)
Net cash flow before financing activities	**(141.2)**	(115.6)	(81.0)
Cash flow from financing activities			
Repayment of loans	**-**	(0.1)	(0.1)
Dividends paid	**(20.6)**	(17.8)	(50.3)
(Acquisition)/disposal of treasury shares	**(6.9)**	0.9	(5.2)
Acquisition of shares by trustees of the Performance Share Plan	**(4.6)**	(9.8)	(9.8)
Net cash flow from financing activities	**(32.1)**	(26.8)	(65.4)
Decrease in cash and cash equivalents	**(173.3)**	(142.4)	(146.4)
Cash and cash equivalents as at the beginning of the period	**612.0**	764.6	764.6
Exchange gains/(losses) on cash and cash equivalents	**19.5**	(17.7)	(6.2)
Cash and cash equivalents as at the end of the period	**458.2**	604.5	612.0

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (continued)

	30 June 2010 £ million	30 June 2009 £ million	31 December 2009 £ million
Cash at bank and in hand	**143.2**	111.0	219.6
Bank deposits (less than three months)	**315.0**	493.5	392.4
Cash and cash equivalents as at the end of the period	**458.2**	604.5	612.0
Bank deposits (more than three months)	**211.4**	94.3	130.7
Net cash as at the end of the period	**669.6**	698.8	742.7

NOTES TO THE ACCOUNTS

1. 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 2009 other than as noted below and except for the group's tax measurement basis (see note 4).

The comparative figures for the year ended 31 December 2009 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 2009 have been reported on by the group's previous 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 2009 were prepared in accordance with IFRS as adopted by the EU.

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.

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.

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.

1. PREPARATION OF INTERIM RESULTS *(continued)*

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.

Accounting standards adopted in the year

IFRS 3 “Business Combinations (Revised)” has been adopted during the period and applied prospectively to business combinations occurring on or after 1 January 2010, and consequently its adoption has no impact on the group’s reported results for 2009 or its net financial position as at 31 December 2009. Adoption of IFRS 3 results in a number of changes in accounting for business combinations, the most significant of which for AMEC are:
- contingent consideration is measured at fair value at the date of acquisition, and subsequent changes are recognised in profit or loss rather than adjusting the goodwill recognised on acquisition;
- acquisition-related costs in respect of business combinations occurring on or after 1 January 2010 are expensed through the income statement as incurred; and
- all contingent liabilities of the acquired business are recognised at their fair value if there is a present obligation that arises from a past event and its fair value can be measured reliably.

IAS 27 “Consolidated and separate Financial Statements (Amendment)” has also been adopted during the period and applied retrospectively, though with certain exemptions from retrospective application as follows. Under IAS 27 losses incurred by a subsidiary will be allocated between controlling and non-controlling interests even if losses exceed the non-controlling equity investment in the subsidiary. Adoption of this standard has no impact on the group’s reported results for 2009 or its financial position as at 31 December 2009.

Following changes to IFRS8 “Operating Segments” introduced by “Improvements to International Financial Reporting Standards (issued 2009)” which has been adopted during the period, segment assets and liabilities will no longer be reported as they are not included in the measures used by the chief operating decision maker. AMEC will continue to report segment net assets.

Restatements

The condensed consolidated income statements for the period ended 30 June 2009 and the year ended 31 December 2009 have been restated to present deferred compensation on acquisitions in the Earth & Environmental division within exceptional items rather than within administrative expenses before exceptional items. The purpose of this restatement is to align the presentation to that adopted in the current period. Administrative expenses before exceptional items have been reduced by £2.0 million for the six month period ended 30 June 2009 and by £3.7 million for the year ended 31 December 2009. Administrative expenses reported as exceptional items have been increased by the same amounts. These restatements have no impact on the group’s reported profit.

2. SEGMENTAL ANALYSIS OF CONTINUING OPERATIONS

AMEC has three divisions that offer high-value consultancy, engineering and project management services to different end markets in the world's natural resources, nuclear, clean energy, water and environmental sectors. AMEC is organised by division, each of which is managed separately and considered to be a reportable segment. AMEC's Chief Executive, together with the senior management team, constitute the chief operating decision makers and they regularly review the performance of these three divisions. The Investments and other activities segment comprises various legacy businesses. Details of the services offered by each division and the end markets in which they operate are given in segmental review on pages 4 to 9.

	Revenue			Profit/(loss)		
	Six months ended 30 June 2010 £ million	Six months ended 30 June 2009 £ million	Year ended 31 December 2009 £ million	**Six months ended 30 June 2010 £ million**	Six months ended 30 June 2009 £ million	Year ended 31 December 2009 £ million
Class of business:						
Natural Resources	**730.9**	631.5	1,300.9	**81.1**	73.0	154.3
Power & Process	**448.0**	406.4	788.1	**31.4**	25.0	55.4
Earth & Environmental	**275.3**	243.6	470.8	**21.4**	17.4	36.5
Investments and other activities	**1.8**	7.9	13.7	**(3.0)**	(2.1)	0.2
	1,456.0	1,289.4	2,573.5	**130.9**	113.3	246.4
Internal revenue	**(26.5)**	(29.7)	(34.4)			-
External revenue	**1,429.5**	1,259.7	2,539.1			-
Corporate costs[1]				**(17.4)**	(18.8)	(38.1)
EBITA[2]				**113.5**	94.5	208.3
Net financing income				**2.2**	3.0	7.3
Adjusted profit before tax				**115.7**	97.5	215.6
Tax on results of joint ventures				**(2.9)**	(2.7)	(5.3)
				112.8	94.8	210.3
Intangible amortisation and goodwill impairment				**(11.4)**	(6.6)	(15.7)
Exceptional items				**12.1**	0.2	8.9
Profit before income tax				**113.5**	88.4	203.5
Geographical origin:						
United Kingdom	**401.8**	381.8	780.2			
Canada	**533.2**	369.4	839.3			
United States	**297.6**	346.6	601.3			
Rest of the World	**196.9**	161.9	318.3			
	1,429.5	1,259.7	2,539.1			

[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 £101.5 million (six months ended 30 June 2009: £86.1 million), but including joint venture profit before tax of £12.0 million (six months ended 30 June 2009: £8.4 million).

2. SEGMENTAL ANALYSIS OF CONTINUING OPERATIONS (continued)

	Net assets/(liabilities)		
	30 June 2010 £ million	30 June 2009 £ million	31 December 2009 £ million
Class of business:			
Natural Resources	**31.9**	50.7	(10.8)
Power & Process	**6.3**	(1.4)	11.4
Earth & Environmental	**59.3**	53.0	37.5
Investments and other activities	**(139.5)**	(189.8)	(152.7)
	(42.0)	(87.5)	(114.6)
Goodwill	**477.7**	333.5	401.8
Other intangible assets	**76.1**	45.5	52.6
Net cash	**669.6**	698.8	742.7
Unallocated net (liabilities)/assets	**(109.8)**	9.7	(56.2)
	1,071.6	1,000.0	1,026.3

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

3. AMORTISATION AND EXCEPTIONAL ITEMS

	Six months ended 30 June 2010 £ million	Six months ended 30 June 2009 (restated) £ million	Year ended 31 December 2009 (restated) £ million
Exceptional items of continuing operations:			
Cost of sales	**-**	2.2	2.2
Administrative expenses	**(3.9)**	(2.0)	(3.7)
Profit on business disposals and closures:	**16.0**	-	10.4
	12.1	0.2	8.9
Taxation (charge)/credit on exceptional items of continuing operations	**(0.5)**	0.3	1.5
Exceptional items of discontinued operations (post-tax)	**0.4**	1.5	13.9
Post-tax exceptional profits	**12.0**	2.0	24.3
Intangible amortisation and goodwill impairment	**(11.4)**	(6.6)	(15.7)
Taxation credit on intangible amortisation and goodwill impairment	**3.7**	1.8	4.7
Post-tax amortisation, impairment and exceptional items	**4.3**	(2.8)	13.3
Profit on business disposals and closures comprises:			
Gains on disposals	**10.0**	(2.2)	0.4
Gains in respect of business closures	**6.0**	2.2	10.0
	16.0	-	10.4

Exceptional items are further analysed as follows:

	Six months ended 30 June 2010		
	Gains on disposals £ million	**Other exceptional items £ million**	**Total £ million**
Continuing operations	**10.0**	**2.1**	**12.1**
Discontinued operations	**4.5**	**(5.6)**	**(1.1)**
Profit/(loss) before tax	**14.5**	**(3.5)**	**11.0**
Tax	**(0.8)**	**1.8**	**1.0**
Profit/(loss) after tax	**13.7**	**(1.7)**	**12.0**

3. AMORTISATION AND EXCEPTIONAL ITEMS (continued)

The disposal of Agra Foundations Limited in the first half of 2010, together with adjustments to provisions held in respect of businesses sold in prior years and foreign exchange movements on provisions established on the disposal of SPIE, resulted in the pre-tax exceptional gain on disposal of £14.5 million.

Other exceptional losses of £3.5 million include IFRS 3 acquisition, transaction and deferred compensation costs of £3.9 million and the the release of provisions in relation to various legacy projects offset by payments in respect of legacy contracts of £0.4 million.

	Six months ended 30 June 2009		
	(Losses)/ gains on disposals £ million	Other exceptional items (restated) £ million	Total (restated) £ million
Continuing operations	(2.2)	2.4	0.2
Discontinued operations	4.9	-	4.9
Profit before tax	2.7	2.4	5.1
Tax	(2.4)	(0.7)	(3.1)
Profit after tax	0.3	1.7	2.0

Two small businesses were divested in the first half of 2009 and, together with foreign exchange movements on provisions established on the disposal of AMEC SPIE in 2007, resulted in an exceptional pre-tax gain on disposal of £2.7 million.

Other exceptional items of £2.4 million include re-classifications as noted on page 22 and a net release of provisions following positive developments in relation to outstanding matters on various legacy projects.

	Year ended 31 December 2009		
	Gains on disposals £ million	Other exceptional items (restated) £ million	Total (restated) £ million
Continuing operations	0.4	8.5	8.9
Discontinued operations	3.1	(0.3)	2.8
Profit before tax	3.5	8.2	11.7
Tax	12.0	0.6	12.6
Profit after tax	15.5	8.8	24.3

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

Other exceptional items of £8.2 million include re-classifications as noted on page 22 and a net release of provisions following positive developments in relation to various legacy projects.

4. 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 2010 is based on an effective rate of 26.6 per cent (six months ended 30 June 2009 : 28.7 per cent), which has been calculated by reference to the projected charge for the full year.

On 22 June 2010, in his Budget Speech, the UK Chancellor of the Exchequer announced a scheduled reduction in the rate of Corporation Tax from 28 per cent to 24 per cent by reducing the rate by 1 per cent annually on 1 April from 2011 to 2014. At 30 June 2010 these changes were not substantively enacted and therefore are not included in these accounts. The decrease in the rate from 28 per cent to 24 percent would reduce the balance sheet deferred tax asset by approximately £3.2 million. During the period to 2014, we estimate that the effect of the proposed changes to income and reserves would be a charge of £3.2 million to the income statement.

5. (LOSS)/PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS

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

In accordance with IFRS5, the post-tax results of discontinued operations are disclosed separately in the consolidated income statement.

The results of the discontinued operations are as follows:

	Six months ended 30 June 2010 £ million	Six months ended 30 June 2009 £ million	Year ended 31 December 2009 £ million
Cost of sales and net operating expenses	**(0.8)**	(1.3)	0.6
(Loss)/profit before income tax and exceptional items	**(0.8)**	(1.3)	0.6
Attributable tax	**0.2**	(0.1)	1.4
Pre-exceptional (loss)/profit after income tax	**(0.6)**	(1.4)	2.0
Exceptional items – litigation and exit of businesses	**(5.6)**	-	(0.3)
Attributable tax on exceptional items	**1.5**	-	(0.1)
Profit on disposal	**4.5**	4.9	3.1
Attributable tax on profit on disposal	**-**	(3.4)	11.2
(Loss)/profit for the period from discontinued operations	**(0.2)**	0.1	15.9

6. 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 2010			Six months ended 30 June 2009			Year ended 31 December 2009		
	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	**88.7**	**326.2**	**27.2**	65.2	326.2	20.0	155.8	327.0	47.6
Share options	**-**	**1.8**	**(0.2)**	-	0.6	-	-	1.2	(0.1)
Employee share and incentive schemes	**-**	**5.3**	**(0.4)**	-	7.3	(0.5)	-	5.3	(0.8)
Diluted earnings from continuing operations	**88.7**	**333.3**	**26.6**	65.2	334.1	19.5	155.8	333.5	46.7

6. EARNINGS PER SHARE (continued)

	Six months ended 30 June 2010			Six months ended 30 June 2009			Year ended 31 December 2009		
	Earnings £ million	Weighted average shares number million Weighted	Earnings per share pence	Earnings £ million	Weighted average shares number million Weighted	Earnings per share pence	Earnings £ million	Weighted average shares number million Weighted	Earnings per share pence
Basic (loss)/earnings from discontinued operations	**(0.2)**	**326.2**	**(0.1)**	0.1	326.2	-	15.9	327.0	4.9
Share options	**-**	**1.8**	**-**	-	0.6	-	-	1.2	-
Employee share and incentive schemes	**-**	**5.3**	**-**	-	7.3	-	-	5.3	(0.1)
Diluted (loss)/earnings From discontinued operations	**(0.2)**	**333.3**	**(0.1)**	0.1	334.1	-	15.9	333.5	4.8

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

	Six months ended 30 June 2010 £ million	Six months ended 30 June 2009 £ million	Year ended 31 December 2009 £ million
Profit for the period from continuing operations	**88.8**	65.8	156.7
Profit attributable to non-controlling interests	**(0.1)**	(0.6)	(0.9)
Basic and diluted profit from continuing operations	**88.7**	65.2	155.8

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

	Six months ended 30 June 2010			Six months ended 30 June 2009		
	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	**88.7**	**326.2**	**27.2**	65.2	326.2	20.0
Exceptional items (post-tax)	**(11.6)**	**-**	**(3.6)**	(0.5)	-	(0.2)
Intangible amortisation (post-tax)	**7.7**	**-**	**2.4**	4.8	-	1.5
Basic earnings before exceptional items and intangible amortisation	**84.8**	**326.2**	**26.0**	69.5	326.2	21.3
Share options	**-**	**1.8**	**(0.1)**	-	0.6	-
Employee share and incentive schemes	**-**	**5.3**	**(0.4)**	-	7.3	(0.5)
Diluted earnings before exceptional items and intangible amortisation	**84.8**	**333.3**	**25.5**	69.5	334.1	20.8

7. DIVIDENDS

After the balance sheet date the directors declared a dividend of 7.3p pence per share payable on 4 January 2011 to equity holders on the register at the close of business on 26 November 2010. This dividend has not been provided for and there are no income tax consequences for the company.

Dividends totalling £20.6 million were paid during the six months ended 30 June 2010.

8. INTANGIBLE ASSETS

	Goodwill £ million	**Software £ million**	**Other £ million**	**Total £ million**
Cost:				
As at 1 January 2010	439.0	17.9	74.6	531.5
Exchange and other movements	22.2	0.9	2.1	25.2
Acquisition of businesses	58.2	-	28.7	86.9
Additions	-	4.6	-	4.6
Disposal of businesses	(2.1)	-	-	(2.1)
Reclassifications from property, plant and equipment	-	1.2	-	1.2
As at 30 June 2010	**517.3**	**24.6**	**105.4**	**647.3**
Amortisation:				
As at 1 January 2010	37.2	11.0	28.9	77.1
Exchange and other movements	2.4	0.7	0.9	4.0
Provided during the period	-	1.3	10.1	11.4
Reclassifications from property, plant and equipment	-	1.0	-	1.0
As at 30 June 2010	**39.6**	**14.0**	**39.9**	**93.5**
Net book value:				
As at 30 June 2010	**477.7**	**10.6**	**65.5**	**553.8**
Cost:				
As at 1 January 2009	380.2	7.9	57.6	445.7
Exchange and other movements	(27.6)	(0.4)	(3.0)	(31.0)
Acquisition of businesses	12.9	-	9.0	21.9
Additions	-	0.5	-	0.5
Reclassifications from property, plant and equipment	-	5.7	-	5.7
As at 30 June 2009	365.5	13.7	63.6	442.8
Amortisation:				
As at 1 January 2009	34.7	5.3	17.6	57.6
Exchange and other movements	(2.7)	(0.3)	(1.3)	(4.3)
Provided during the period	-	0.3	6.3	6.6
Reclassifications from property, plant and equipment	-	3.9	-	3.9
As at 30 June 2009	32.0	9.2	22.6	63.8
Net book value:				
As at 30 June 2009	333.5	4.5	41.0	379.0

9. NON-CURRENT LIABILITIES

Trade and other payables of £18.1 million (30 June 2009: £18.7 million) comprises the long-term element of deferred and contingent consideration on acquisitions.

10. PROVISIONS

The nature and measurement bases of the group's provisions are unchanged from those presented in the 2009 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 £ million	Total £ million
As at 1 January 2010	53.8	74.9	42.3	9.4	180.4
Exchange movements	1.9	(3.2)	-	-	(1.3)
Transfer from trade and other payables	0.8	(2.0)	-	(0.4)	(1.6)
Utilised	(1.9)	(2.4)	-	(0.5)	(4.8)
Charged/(credited) to the income statement:					
Additional provisions	1.3	1.9	1.0	0.4	4.6
Unused amounts reversed	(5.5)	(1.0)	-	-	(6.5)
As at 30 June 2010	**50.4**	**68.2**	**43.3**	**8.9**	**170.8**
As at 1 January 2009	65.3	87.9	41.3	9.8	204.3
Exchange movements	(5.1)	(6.8)	-	-	(11.9)
Transfer from trade and other payables	7.6	1.5	-	-	9.1
Utilised	(12.2)	(1.3)	(3.8)	-	(17.3)
Charged/(credited) to the income statement:					
Additional provisions	4.5	5.0	4.3	-	13.8
Unused amounts reversed	(6.4)	(5.0)	-	(1.0)	(12.4)
As at 30 June 2009	53.7	81.3	41.8	8.8	185.6

11. ACQUISITIONS AND DISPOSALS

The following purchases have been accounted for as acquisitions. None of the businesses acquired made a material contribution to consolidated revenue and profit either in the six months ending 30 June 2010 or in the period from their acquisition to 30 June 2010.

Intangible assets recognised at fair value on the acquisition of these businesses included brands, trade names, customer relationships, order backlogs and non-compete agreements. The fair value adjustments in respect of these acquisitions have been determined provisionally.

Currie & Brown (Australia) Pty Ltd

On 29 January 2010, the group acquired all of the shares in Currie & Brown (Australia) Pty Ltd. Currie & Brown (Australia) Pty Ltd trades almost entirely in Australia and is a provider of independent cost, contract and consulting services to the oil and gas, mining, building, transport, utilities and infrastructure sectors. The business provides similar services to the existing AMEC subsidiary Rider Hunt International Ltd and was acquired to increase the size of the consultancy services business. This is fully aligned with AMEC's Vision 2015 strategy of assured growth, through a strengthened geographic footprint in key regions locally and enhanced capabilities in the chosen sectors. It builds on AMEC's recent acquisition of GRD Minproc and brings AMEC's employees based in Australia up to circa 1000.

Currie & Brown (Australia) Pty Ltd

The amounts recognised in respect of identifiable assets and liabilities relating to the acquisition of Currie & Brown (Australia) Pty Ltd were as follows:

	Book value £ million	Fair value adjustments £ million	Recognised value £ million
Property, plant and equipment	1.2	(0.4)	0.8
Intangible assets	-	2.1	2.1
Current tax receivable	0.2	-	0.2
Trade and other receivables	4.9	-	4.9
Cash and cash equivalents	1.7	-	1.7
Trade and other payables	(7.3)	-	(7.3)
Deferred tax asset/(liability)	0.1	(0.5)	(0.4)
Net identifiable assets and liabilities	0.8	1.2	2.0
Goodwill on acquisition			15.6
			17.6
Consideration – paid in cash on completion			17.6

Goodwill has arisen on the acquisition of Currie & Brown (Australia) Pty Ltd primarily through a multiplier based on sustainable earnings and full payback is expected in less than four years.

Entec Holdings Limited (Entec)

On 29 March 2010, the group acquired all of the shares in Entec. Entec is a UK-based environmental and engineering consultancy, and was acquired to provide opportunity for leadership positioning in the UK geographical area, particularly in the water services sector.

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

	Book value £ million	Fair value adjustments £ million	Recognised value £ million
Property, plant and equipment	2.1	(0.8)	1.3
Intangible assets	-	26.6	26.6
Trade and other receivables	14.4	-	14.4
Current tax receivable	0.3	-	0.3
Cash and cash equivalents	1.0	-	1.0
Trade and other payables	(11.2)	-	(11.2)
Deferred tax liability	-	(7.4)	(7.4)
Net identifiable assets and liabilities	6.6	18.4	25.0
Goodwill on acquisition			42.6
			67.6
Consideration:			
Cash - paid on completion (includes working capital adjustment of £0.4 million to be paid in August 2010)			50.4
- paid to repay debt			11.2
- contingent			6.0
Cost of acquisition			67.6

In addition to the consideration set out above, up to a further £3.0 million is payable as deferred compensation depending upon continuing employment of three former shareholders for the one year following the acquisition date.

The contingent consideration of £6.0 million shown above is dependent upon achievement of a profit target for the year following the acquisition date.

Goodwill has arisen on the acquisition of Entec primarily through the acquisition of Entec's expertise in various environmental fields, primarily water services, as well as expected synergies.

Other

A further £7.9 million was paid in the period in respect of acquisitions in previous years.

DISPOSAL

AGRA FOUNDATIONS LIMITED

AGRA Foundations Limited was sold to Freysinnet Menard Canada Inc (FMC) on 25 June 2010.

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

	£ million
Cash consideration received	18.9
Goodwill	2.1
Property, plant and equipment	9.8
Inventories	0.4
Current tax receivable	2.5
Trade and other receivables	8.3
Trade and other payables	(3.2)
Cash and cash equivalents	2.1
Deferred tax liability	(3.7)
Net assets sold	18.3
Cumulative foreign exchange gains recycled from the hedging reserve	6.0
Profit on disposal	6.6

12. CONTINGENT LIABILITIES

There have been no significant changes to contingent liabilities during the six months ended 30 June 2010.

13. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2010 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 2010 £ million	Six months ended 30 June 2009 £ million	**30 June 2010 £ million**	30 June 2009 £ million
Services rendered	**8.5**	24.0	**2.8**	5.6
Services received	**25.6**	-	**8.4**	-
Provisions of finance	**3.8**	-	**13.1**	-
Management contracts	**0.9**	-	**0.9**	-

There have been no significant changes in the nature of related party transactions since 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.

S Y BRIKHO
Chief Executive

I P McHOUL
Chief Financial Officer

26 August 2010

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 2010 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 13. 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 1, 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 2010 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

26 August 2010