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AMEC plc 2011 interim results
Operating performance in line with expectations

H1 2011 results
Operating performance in line with expectations

- Revenue £1,484 million, up 4 per cent
- EBITA[1] £122 million, up 9 per cent; margin 8.2 per cent, up 40 basis points
- Group EBITA margin[2] expected to be maintained at around 9 per cent in 2011
- Diluted EPS from continuing operations[4] 28.8 pence, up 13 per cent
- Operating cashflow[5] £75 million, up £18 million

Order book strong at £3.4 billion (December 2010: £3.1 billion; June 2010: £3.5 billion)

- Order intake and forward visibility remain good

Completed MACTEC and three other acquisitions for a total consideration of £261 million

Interim dividend per share up 40 per cent, to 10.2 pence

- Rebased in line with the 2010 final dividend increase

Chief Executive Samir Brikho said:

"AMEC made good progress in the first half of 2011. A strong performance in mining and Power & Process and increased activity in the UK North Sea more than offset the anticipated reduction in activity levels within our oil sands and federal businesses.

"Demand for our services and investment in our end markets remain strong, and we expect new contract awards to support future growth despite increased economic uncertainty. Margins are expected to be maintained at about 9 per cent in 2011.

"Management remains focused on the delivery of our Vision 2015 strategy. We completed four acquisitions in the first half and integration is progressing well. Our balance sheet is strong and we continue to target further acquisitions."

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 http://amec.tamarinduk.com

Next event: Interim Management Statement on 17 November 2011.
Analyst consensus estimates are collated and published on AMEC's website on a periodic basis amec.com/investors/key facts.

Enquiries to:
AMEC plc: + 44 (0)20 7539 5800
Samir Brikho, Chief Executive
Ian McHoul, Chief Financial Officer
Sue Scholes, Director of Communications
Nicola-Jane Brooks, Head of Investor Relations

Media:
Brunswick Group LLP - Mike Harrison and Craig Breheny + 44 (0)20 7404 5959

Financial highlights

Six months ending 30 June

Continuing operations:		2011	2010	Change (%)
Revenue	(£m)	**1,484**	**1,430**	*+4*
EBITA[1]	(£m)	**122**	**112**	*+9*
Adjusted profit before tax[3]	(£m)	**126**	**116**	*+9*
Profit before tax	(£m)	**101**	**114**	*(11)*
Adjusted diluted earnings per share[4]	pence	**28.8**	**25.5**	*+13*
Diluted earnings per share from continuing operations	pence	**24.0**	**26.6**	*(10)*
Dividend per share	pence	**10.2**	**7.3**	*+40*

Notes:
1. EBITA for continuing operations before intangible amortisation and exceptional items but including joint venture EBIT
2. EBITA as defined above as a percentage of revenue
3. EBITA, as defined above, plus net financing income (including joint ventures) of £4 million (2010: £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, legacy settlements and the difference between pension payments and amounts recognised in the income statement 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.

During 2011, the basis of presentation has been revised to present the results to the nearest million rather than to 1 decimal place. Percentage movements and calculated numbers, such as EPS and margin rates, continue to be 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 £17 million (2010: £17 million) and pre-tax exceptional costs of £4 million (2010: income of £12 million). The segmental analysis for the six months ending 30 June 2010 and year ending 31 December 2010 has been restated for certain changes to the reporting allocation as explained on page 11.

The average numbers of employees stated in this review include agency staff. The average number of employees has been restated in line with the changes to reporting allocations as described on page 11 and also those of Environment & Infrastructure in 2010 have been restated to bring the definition of full time equivalents in line with the other divisions.

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.

Six months ending 30 June

Continuing operations		2011	Underlying business	Currency exchange	Net acquisitions	2010
Revenue	(£m)	**1,484**	**25**	**(9)**	**38**	**1,430**
Y-on-Y change	*(%)*	*+4*	*+2*	*(1)*	*+3*	
EBITA	(£m)	**122**	**9**	**(1)**	**2**	**112**
Y-on-Y change	*(%)*	*+9*	*+8*	*(1)*	*+2*	
EBITA margin	(%)	**8.2**				**7.8**
Y-on-Y change	*(bps)*	*+40*				
Operating cash flow	(£m)	**75**				**57**
Y-on-Y change	*(%)*	*+32*				
Order book	(£bn)	**3.4**				**3.5**
Y-on-Y change	*(%)*	*(3)*				
Average number of employees		**24,032**				**21,485**
Y-on-Y change	*(%)*	*+12*				

Revenue for the first six months of 2011 increased by 4 per cent to £1,484 million (30 June 2010: £1,430 million). The **underlying revenue** increased by 2 per cent driven by a strong performance in mining and Power & Process and a resurgence of North Sea activity, which more than offset the expected reduction in both federal and oil sands activity. The latter declined as expected due to the phasing of work on Imperial Oil's Kearl project.

EBITA increased 9 per cent to £122 million (30 June 2010: £112 million) and **margin** improved by 40 basis points to 8.2 per cent (30 June 2010: 7.8 per cent). The **underlying EBITA** increased by 8 per cent.

Adjusted profit before tax of £126 million in H1 2011 was ahead of the previous year (30 June 2010: £116 million). A reconciliation of the movement from adjusted profit before tax to **profit before tax** of £101 million (30 June 2010: £114 million) is shown in note 2 on page 24. The **tax charge** for H1 2011 was £22 million (30 June 2010: £25 million) resulting in a **total profit** for H1 2011 of £79 million (30 June 2010: £89 million).

Adjusted diluted earnings per share from continuing operations were 28.8 pence (30 June 2010: 25.5 pence).

Operating cash flow for the period was £75 million, up £18 million from the comparable period last year, reflecting the continued focus on cash management.

Dividend

A 40 per cent increase in the **interim dividend** to 10.2 pence per share (30 June 2010: 7.3 pence) demonstrates the board's continuing confidence in the group's future performance. This rebasing brings consistency with the 2010 full-year dividend increase and the intention is to re-establish a more typical pattern of the interim dividend being one-third of the total in any year.

Outlook

In line with our expectations at the start of the year, revenues in the second half of 2011 will be driven by the usual seasonality together with new contracts coming on line and the full six-month impact of MACTEC, which was acquired in June 2011.

Demand for AMEC's services and investment in end markets remains strong, and new contract awards are expected to support future growth, despite increased economic uncertainty.

Full year margins are expected to be maintained at around the 9 per cent mark. Second half margins are expected to show the normal seasonal uplift, although lower than the same period last year due to the mix of business and the acquisition of MACTEC. This is expected to be dilutive in the early stages whilst integration and reorganisation takes place.

AMEC's balance sheet remains 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 value via further selective acquisitions.

Acquisitions

A number of acquisitions were made during the first half in support of the Vision 2015 strategy, for a total consideration of £261 million. Integration on each is progressing well.

Acquisitions Six months ended 30 June	**2011**	***Consideration (£m)***	***Enhanced geographic coverage***	***Expanded capabilities***	***People (FTE)***
BCI Engineering	**2 Feb**	12	South East US	Env. services, water, mining	200
qedi	**21 Feb**	33	UK	Project delivery (completions & commissioning)	365
Zektingroup	**28 Feb**	33	Australia	Oil and gas	200
MACTEC	**3 June**	183	Eastern US	Env. services, water, mining	2,600
Group		**261**			**3,365**

Further details can be found in note 11, page 30

Average number of employees

Average number of employees is up 12 per cent compared to the same period in 2010, reflecting the part year impact of the acquisitions shown above and increase in activity levels expected in the second half.

Average number of employees Six months ending 30 June	2011	2010	Y-on-Y change (%)
Natural Resources	**11,657**	10,737	*+9*
Power & Process	**6,946**	6,291	*+10*
Environment & Infrastructure	**5,213**	4,244	*+23*
Investments & Other, Corporate	**216**	213	*+1*
Group	**24,032**	21,485	*+12*

Segmental review

Natural Resources

Natural Resources provides total life of asset services ranging from consulting, engineering and design through to asset support and decommissioning. Approximately 73 per cent of H1 2011 revenues were generated by asset development (capex) services, with the remainder in asset support (opex) (2010: capex 68 per cent; opex 32 per cent).

The revenue can be analysed by sector as shown below:

Six months ending 30 June		2011	2010
Oil & Gas	*(%)*	**52**	48
Unconventional Oil & Gas	*(%)*	**24**	36
Minerals & Metals	*(%)*	**24**	16

Activities are concentrated mainly in the upstream sector (85 per cent of H1 revenues), with the balance being in midstream and downstream.

Continuing operations Six months ending 30 June		2011	*Underlying business*	*Currency exchange*	*Net acquisitions*	2010 *
Revenue	(£m)	**790**	**(14)**	**3**	**18**	**783**
Y-on-Y change	*(%)*	*+1*	*(1)*	*nil*	*+2*	
EBITA	(£m)	**84**	**1**	**nil**	**(1)**	**84**
Y-on-Y change	*(%)*	*nil*	*+1*		*(1)*	
EBITA margin	(%)	**10.6**				**10.7**
Y-on-Y change	*(bps)*	*(10)*				
Order book	(£bn)	**2.1**				**1.9**
Y-on-Y change	*(%)*	*+12*				

*As restated, see page 11 for details

The Natural Resources division performed in line with expectations in the first half of 2011.

Overall **revenue** in the first half was up 1 per cent at £790 million. As expected, oil sands activity declined due to the phasing of work on Imperial Oil's Kearl project, the first phase of which peaked in 2010. This was offset by an increase in mining and North Sea brownfield activity.

EBITA was maintained at £84 million, whilst the **EBITA margin** declined to 10.6 per cent, down 10 basis points from H1 2010. Margins in both capex and opex activities declined, to 11.8 per cent and 7.5 per cent respectively (30 June 2010: capex 12.2 per cent; opex 7.6 per cent). This is partly the result of the shift in work mix outlined above, and partly results from continued margin pressure.

The average number of employees in Natural Resources increased to 11,657 (30 June 2010: 10,737). The increase reflected the part-period inclusion of Zektingroup (Australia) and qedi (UK), both acquired in February, as well as the ramping up of resources for projects in the North Sea.

New contract wins in 2011 reflect the increased activity in the mining sector, the resurgence in the UK North Sea market, a significant project in the Gulf of Mexico, and strategic investment in Australia. They include:

Oil and gas

- **BP Exploration and Production:** programme management of BP's existing portfolio of on and offshore projects in the North Sea, UK
- **BG:** five-year services contract for all BG's North Sea upstream assets, UK
- **Teeside Gas and Liquid Processing (TGLP):** engineering, procurement, construction contract for the modification and extension of Teeside gas processing plant, UK
- **BP Oil UK Limited**: engineering, procurement, construction management (EPCM) contract for the client's capital investment projects for existing oil storage terminals, UK
- **BASF Polyurethane Specialities (China) and Chongqing Chemical and Pharmaceutical Holding Company:** project management services for the development of a new US$5 billion diphenylmethane diisocyanate facility, China
- **Marine Well Containment Company (MWCC):** design and delivery of the MWCC's expanded containment system, Gulf of Mexico, US
- **BP:** extended scope of engineering and project management services to include onshore projects. The contract life has also been extended, Azerbaijan
- **Eastern Star Gas:** feasibility study for the Narrabri Coal Seam gas project in NSW, Australia
- **Queensland Gas Company/BG:** commissioning technology and consultancy services on BG's Queensland Curtis liquefied natural gas development, Australia.

Mining

- **Paladin Energy:** definitive feasibility study for the Langer Heinrich uranium project, Namibia
- **Bannerman Resources:** definitive feasibility study for the Etango uranium project, Namibia
- **Southdown Magnetite JV**: definitive feasibility study for the Southdown Magnetite iron ore project, Australia.

Other on-going projects include: **BP:** front end engineering and design for the Clair Ridge project, offshore Shetland; **Inpex:** front end engineering and design for the Ichthys development project, offshore Australia; **ConocoPhillips:** detailed engineering, procurement and hook up services for the Judy and Jasmine fields, UK North Sea; **KOC:** long-term project management contract (PMC), Kuwait; and work in the oil sands for **Imperial Oil, Syncrude, Teck, Suncor** and **Connacher**, among others.

Order intake has improved with mining, North Sea brownfield projects and Gulf of Mexico activity driving the increase. The order book at 30 June 2011 was up 12 per cent at £2.1 billion (30 June 2010: £1.9 billion). Capex activity represents 62 per cent of the order book (2010: 47 per cent), with opex at 38 per cent (2010: 53 per cent).

H2 revenue is expected to be stronger than H1, with a number of new projects coming on line. Margins in the second half are not expected to be as strong as last year, impacted by procurement activities for strategic clients and business mix.

Power & Process

Power & Process provides a balanced portfolio of services including consulting, EPC (Engineering, Procurement and Construction) and asset support services across the life cycle of projects and investments, particularly in the areas of clean energy and carbon efficiency.

In H1 2011, 40 per cent of revenues were generated by capex services with the rest in opex (2010: capex 39 per cent; opex 61 per cent).

The revenue can be analysed by sector as shown below:

Six months ending 30 June		**2011**	2010
Nuclear	*(%)*	**31**	33
Renewables / Bioprocess	*(%)*	**18**	19
Power	*(%)*	**34**	28
Transmission & Distribution	*(%)*	**17**	20

Continuing operations Six months ending 30 June		**2011**	*Underlying business*	*Currency exchange*	*Net acquisitions*	**2010***
Revenue	(£m)	**432**	**38**	**(2)**	**nil**	**396**
Y-on-Y change	*(%)*	*+9*	*+10*	*(1)*		
EBITA	(£m)	**35**	**9**	**nil**	**nil**	**26**
Y-on-Y change	*(%)*	*+37*	*+37*			
EBITA margin	(%)	**8.1**				**6.5**
Y-on-Y change	*(bps)*	*+160*				
Order book	***(£bn)***	***0.8***				***1.3***
Y-on-Y change	*(%)*	-38				

*As restated, see page 11 for details

Revenue for the period was up 9 per cent, to £432 million (30 June 2010: £396 million). This reflects continued organic growth, particularly in North America.

EBITA increased 37 per cent, to £35 million (30 June 2010: £26 million), driven by volume growth, mix of work and gains from the UK wind business. The Sellafield decommissioning joint venture contract contributed £10 million (30 June 2010: £7 million), and as always, there was no impact on revenue. Overall **EBITA margin** improved to 8.1 per cent, up 160 basis points from 6.5 per cent in the prior comparable period.

Following the earthquake in Japan, the outlook for AMEC's **nuclear** activity, which involves reactor support, waste management, decommissioning and new build in the UK, Canada and Central and Eastern Europe, remains positive and unchanged. Although there have been delays in the UK nuclear new build programme, EDF is moving forward with its new build activities and AMEC continues to support their architect engineer operation. The outcome of the Dounreay decommissioning bidding process is expected to be announced in November and AMEC is bidding in joint venture with Energy Solutions of the US. In July, AMEC strengthened its existing position in South Africa when it acquired a majority shareholding in Nuclear Consultants International, a 40-person nuclear engineering service provider to the South African engineering market.

Power & Process contract awards in 2011 highlight the focus on clean energy sectors, particularly nuclear, where AMEC has benefited from an increase in safety engineering work.

- **URENCO:** three-year contract to provide the client with a range of nuclear services, UK
- **Magnox Limited:** four-year contract to provide hazard reduction services at eight nuclear sites across the UK
- **Magnox Limited:** two-year contract to provide specialist nuclear and safety case services across the Nuclear Decommissioning Authority's 10 Magnox sites, UK.

Elsewhere, AMEC continues to deliver on current projects, notably a combined cycle turbine power station project in the UK. In the clean energy sector, good progress is being made in expanding the facility and improving environmental standards at CMPC Celulosa SA's Laja pulp and paper mill in Chile. In North America, the Chatham wind farm project in Canada and the Sapphire Energy biofuel project in the US are also progressing well.

The **order book** at 30 June was down on the previous year at £0.8 billion (30 June 2010: £1.3 billion). As previously reported, this reduction is partly due to adjustments made relating to National Grid in the US, where the scope of future work on the infrastructure replacement programme was reduced significantly. It also reflects continued selectivity around work mix. Capex activity represents 41 per cent of the order book (30 June 2010: 41 per cent) with opex at 59 per cent. 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. There was no significant impact on the first six months.

Activity levels are expected to gradually improve as the division continues to focus on sectors with long-term growth potential.

Environment & Infrastructure

Environment & Infrastructure (previously Earth & Environmental) is a leading international environmental and engineering consulting organisation with full service capabilities covering a wide range of disciplines, including environmental engineering and science, geotechnical, water resources, surveying and programme management.

The first half revenues can be analysed by sector as follows: Government services 24 per cent, Industrial/Commercial 18 per cent, Transportation/Infrastructure 15 per cent, Water 14 per cent, Mining 11 per cent, Oil & Gas 9 per cent, Unconventional Oil & Gas 7 per cent, Nuclear 1 per cent, Renewables/Bioprocess 1 per cent.

Continuing operations Six months ending 30 June		**2011**	*Underlying business*	*Currency exchange*	*Net acquisitions*	**2010**
Revenue	(£m)	**289**	**3**	**(9)**	**20**	**275**
Y-on-Y change	*(%)*	*+5*	*+1*	*(3)*	*+7*	
EBITA	(£m)	**24**	**nil**	**(1)**	**4**	**21**
Y-on-Y change	*(%)*	*12*	*nil*	*(4)*	*+16*	
EBITA margin	(%)	**8.3**				**7.8**
Y-on-Y change	*(bps)*	*50*				
Order book	(£bn)	**0.5**				**0.3**
Y-on-Y change	*(%)*	56				

Revenue increased by 5 per cent to £289 million in the first half (30 June 2010: £275 million). Performance was strongest in the industrial/commercial and mining sectors, offsetting lower levels of activity in the federal sector. MACTEC, acquired in June 2011, is expected to contribute in the second half.

EBITA increased 12 per cent to £24 million in the six months to 30 June 2011 (30 June 2010: £21 million). Overall **EBITA margin** increased 50 basis points to 8.3 per cent (2010: 7.8 per cent).

The average number of employees in Environment & Infrastructure for the period increased by 23 per cent compared to the previous comparable period. This included a full six months' impact of Entec and five months of BCI Engineering. The integration of all acquisitions is progressing well.

The **order book** improved in the first half of the year to £0.5 million (30 June 2010: £0.3 billion) with the inclusion of MACTEC. Unlike AMEC's other divisions, Environment & Infrastructure conducts a large number of small contracts; average contract size is approximately $40,000. Some of the on-going contracts include:

- **Northumbrian Water Limited:** technical and commercial services framework contracts to provide multidisciplinary engineering, contract supervision services and associated environmental support as well as contract and cost management services, UK
- **ArcelorMittal:** investigation, design and implementation services across a range of distinct projects, from annual dyke raises for the tailings disposal facility, to a culvert replacement programme across the AMMC's rail line, Canada.

Normal underlying seasonal improvement in activity levels is expected in the second half of the year and revenue will be boosted by the MACTEC acquisition. However margins in the second half are forecast to be lower than the prior year due to MACTEC, which is expected to be dilutive in the early stages whilst integration and reorganisation takes place.

Investments and other activities

This principally comprises the Incheon Bridge PPP project in Korea, now in the operational phase, the Lancashire Waste PPP project (under construction), and AMEC's residual UK Wind development activities. **Revenue** increased to £3 million (30 June 2010: £2 million) reflecting progress achieved on these projects. The division made a loss of £4 million in the first half (30 June 2010: a loss of £2 million), reflecting normal operating costs and development expenditure.

Board changes

As previously announced, John Connolly, formerly Global Chairman of Deloitte Touche Tohamatsu and Chief Executive of Deloitte UK, joined the board as Chairman on 1 June 2011.

Financial review

Geographic analysis

The group's largest market was the UK with 31 per cent of revenues (30 June 2010: 28 per cent), driven by oil and gas, nuclear, power and environmental services. Canada was the group's largest market in 2010, but in 2011 revenue was affected by the decline in oil sands activity, as previously referenced.

Administrative expenses

Administrative expenses of £105 million are in line with 2010, as the impact of acquisitions has been offset by other savings.

Net financing income

The net financing income for the first half increased to £7 million (2010: £5 million), with the average interest rate received for the first six months of the year approximately 0.8 per cent (2010: 0.7 per cent).

In addition, AMEC's share of interest payable of equity accounted joint ventures was £3 million (2010: £1 million).

Restatements and changes to reporting allocations

As described in note 1 to the accounts, the results for 2010 have been restated to present the net interest on pension assets and liabilities within net financing income rather than within EBIT.

In addition, the segmental analysis of the results, including employees and order book, has been revised to reflect the following changes:

- The UK Asset Support business (2010: EBITA c. £7 million) has been transferred from Power & Process to Natural Resources; and
- The net interest within equity accounted JVs was transferred from EBITA and is now presented within net financing income rather than EBIT (total impact on 2010 interest: credit c. £3 million).

The changes described above are reallocations only and there has been no overall impact to profit before tax or earnings.

Taxation

Continuing operations

The group's effective tax rate for the first six months of 2011 for the continuing businesses (including tax attributable to joint venture interests) before exceptional items and excluding intangible amortisation was 24.1 per cent (30 June 2010: 26.6 per cent). The reduction principally reflects decreases in statutory tax rates, the use of tax losses not previously recognised and more active management.

The full year tax rate is expected to remain around 24 per cent and AMEC's tax affairs will continue to be managed actively.

Financial position and net cash

The group remains in a strong financial position, with net cash as at 30 June 2011 of £455 million (30 June 2010: £669 million). Consistent with Vision 2015, a progressive approach has been adopted for the interim dividend.

Going concern

The directors are satisfied that the group has adequate resources to operate for the foreseeable future. As at 30 June 2011, the group held net cash of £455 million.

Intangible amortisation

Intangible amortisation relates to capitalised software and intangible assets acquired as part of the group's expansion programme. The first half charge of £18 million is £7 million higher than in 2010 with the increase largely due to recent acquisitions as well as a full period's charge for 2010 acquisitions.

Exceptional items

Total pre-tax exceptional losses of £5 million (2010: gain of £11 million) include:

- Profit on business disposals and closures of £2 million arising from adjustments to existing provisions made in respect of prior year disposals and closures and foreign exchange movements on provisions established on the disposal of SPIE; and

- Other exceptional items of £(7) million which include the transaction costs of acquisitions made in the period, certain deferred compensation costs on prior year acquisitions and the costs of exiting the group's activities in Libya.

Legacy issues

There have been no new significant changes to contingent liabilities in the first half of 2011.

Cash generated from operations in the first half of 2011 was £54 million (30 June 2010: £38 million). After adjusting for exceptional items and discontinued operations, legacy settlements and the differences between pension payments and amounts recognised in the income statement but including dividends received from joint ventures, operating cash flow was £75 million (30 June 2010: £57 million). The year-on-year increase in operating cash flow reflects the continued focus on cash management.

Pensions

The IAS 19 surplus of the principal UK pension schemes at 30 June 2011 was £66 million (31 December 2010 £63 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 2011 from pensions, including both the current service accrual and net financing income, is expected to be broadly in-line with last year (31 December 2010: £6 million).

Provisions

Provisions held at 30 June 2011 were £185 million (31 December 2010: £187 million). During 2011, £20 million of the brought forward provisions were utilised. As part of the ongoing review of the potential liabilities, £20 million of provisions were released as they were no longer required but an additional £14 million of provisions were created. An additional £22 million of provisions were created following the MACTEC acquisition, which are matched by an indemnity receivable.

Provisions are analysed as follows:

As at 30 June 2011	£ million
Litigation provisions	58
Indemnities granted to buyers and retained obligations on disposed businesses	69
Insurance and other	58
Total	185

<u>Business risks and opportunities</u>

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 £3.4 billion (December 2010: £3.1 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 10 to 13 of the 2010 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 (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 around £3 billion, AMEC designs, delivers and maintains strategic and complex assets and employs some 27,000 people in around 40 countries worldwide. See amec.com.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June 2011 Before amortisation, impairment and exceptional items £ million	Amortisation, impairment and exceptional items (note 3) £ million	Total £ million
Continuing operations				
Revenue	**2**	**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	**2**	**123**	**(22)**	**101**
Income tax	**4**	**(28)**	**6**	**(22)**
Profit/ (loss) for the period from continuing operations		**95**	**(16)**	**79**
(Loss)/profit for the period from discontinued operations	**5**	**(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:	**6**			
Continuing operations				**24.5p**
Discontinued operations				**(0.2)p**
				24.3p
Diluted earnings/ (loss) per share:	**6**			
Continuing operations				**24.0p**
Discontinued operations				**(0.2)p**
				23.8p

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June 2010 Before amortisation impairment and exceptional items £ million	Amortisation, impairment and exceptional items (note 3) £ million	Total (restated) £ million
Continuing operations				
Revenue	2	1,430	-	1,430
Cost of sales		(1,226)	-	(1,226)
Gross profit		204	-	204
Administrative expenses		(105)	(15)	(120)
Profit on business disposals and closures		-	16	16
Profit before net financing income		99	1	100
Financial income		7	-	7
Financial expense		(2)	-	(2)
Net financing income		5	-	5
Share of post-tax results of joint ventures		9	-	9
Profit before income tax	2	113	1	114
Income tax	4	(28)	3	(25)
Profit for the period from continuing operations		85	4	89
(Loss)/profit for the period from discontinued operations	5	(1)	1	-
Profit for the period		84	5	89
Attributable to:				
Equity holders of the parent				89
Non-controlling interests				-
				89
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

Year ended 31 December 2010

	Note	Before amortisation, impairment and exceptional items £ million	Amortisation, impairment and exceptional items (note 3) £ million	Total (restated) £ million
Continuing operations				
Revenue	2	2,951	-	2,951
Cost of sales		(2,499)	-	(2,499)
Gross profit		452	-	452
Administrative expenses		(207)	(33)	(240)
Profit on business disposals and closures		-	19	19
Profit/ (loss) before net financing income		245	(14)	231
Financial income		18	-	18
Financial expense		(3)	-	(3)
Net financing income		15	-	15
Share of post-tax results of joint ventures		13	-	13
Profit/ (loss) before income tax	2	273	(14)	259
Income tax		(66)	43	(23)
Profit for the year from continuing operations		207	29	236
Loss for the year from discontinued operations	5	(4)	(2)	(6)
Profit for the year		203	27	230
Attributable to:				
Equity holders of the parent				231
Non-controlling interests				(1)
				230
Basic earnings/ (loss) per share:	6			
Continuing operations				73.0p
Discontinued operations				(2.1)p
				70.9p
Diluted earnings/ (loss) per share:	6			
Continuing operations				71.3p
Discontinued operations				(2.0)p
				69.3p

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June 2011 £ million	Six months ended 30 June 2010 £ million	Year ended 31 December 2010 £ million
Profit for the period	**79**	89	230
Actuarial gains on defined benefit pension schemes	**-**	-	21
Tax on actuarial gains	**-**	-	(7)
Exchange movements on translation of foreign subsidiaries	**(3)**	41	70
Net gain/ (loss) on hedges of net investment in foreign subsidiaries	**2**	(11)	(11)
Tax on exchange movements on translation of foreign subsidiaries	**-**	-	1
Cumulative exchange movements recognised in profit on disposal	**-**	-	(6)
Cash flow hedges:			
Effective portion of changes in fair value	**1**	-	1
Transferred to the income statement	**-**	-	1
Tax on effective portion of changes in fair value of cash flow hedges	**-**	-	(1)
Group share of changes in fair value of cash flow hedges within joint venture entities (net of tax)	**-**	(5)	-
Recognised in profit on disposal	**-**	(6)	-
Other comprehensive income	**-**	19	69
Total comprehensive income	**79**	108	299
Attributable to:			
Equity holders of the parent	**80**	108	300
Non-controlling interests	**(1)**	-	(1)
Total comprehensive income	**79**	108	299

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**30 June 2011 £ million**	30 June 2010 £ million	31 December 2010 £ million
ASSETS				
Non-current assets				
Property, plant and equipment		**38**	33	32
Intangible assets	8	**866**	554	621
Interests in joint ventures		**46**	67	43
Derivative financial instruments		**-**	2	1
Other receivables	9	**22**	-	-
Retirement benefit assets		**66**	30	63
Deferred tax assets		**37**	67	60
Total non-current assets		**1,075**	753	820
Current assets				
Inventories		**2**	6	1
Trade and other receivables		**834**	672	697
Derivative financial instruments		**4**	3	1
Current tax receivables		**8**	-	4
Bank deposits (more than three months)		**49**	211	196
Cash and cash equivalents		**406**	458	544
Total current assets		**1,303**	1,350	1,443
Total assets		**2,378**	2,103	2,263
LIABILITIES				
Current liabilities				
Trade and other payables		**(795)**	(701)	(685)
Derivative financial instruments		**(22)**	(15)	(27)
Current tax payable		**(33)**	(62)	(34)
Total current liabilities		**(850)**	(778)	(746)
Non-current liabilities				
Trade and other payables	9	**(13)**	(18)	(7)
Derivative financial instruments		**(9)**	(30)	(12)
Retirement benefit liabilities		**(58)**	(34)	(36)
Provisions	10	**(185)**	(171)	(187)
Total non-current liabilities		**(265)**	(253)	(242)
Total liabilities		**(1,115)**	(1,031)	(988)
Net assets		**1,263**	1,072	1,275
EQUITY				
Share capital		**169**	169	169
Share premium account		**101**	101	101
Hedging and translation reserves		**128**	92	127
Capital redemption reserve		**17**	17	17
Retained earnings		**846**	689	858
Total equity attributable to equity holders of the parent		**1,261**	1,068	1,272
Non-controlling interests		**2**	4	3
Total equity		**1,263**	1,072	1,275

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 2011	169	101	(3)	130	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**	**(2)**	**130**	**17**	**846**	**1,261**	**2**	**1,263**

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 2010	169	101	(4)	77	17	663	**1,023**	3	**1,026**
Profit for the period	-	-	-	-	-	89	**89**	-	**89**
Exchange movements on translation of foreign subsidiaries	-	-	-	41	-	-	**41**	-	**41**
Net loss on hedges of net investment in foreign subsidiaries	-	-	-	(11)	-	-	**(11)**	-	**(11)**
Group share of changes in fair value of cash flow hedges within joint venture entities (net of tax)	-	-	(5)	-	-	-	**(5)**	-	**(5)**
Recognised in profit on disposal	-	-	-	(6)	-	-	**(6)**	-	**(6)**
Other comprehensive income for the period	-	-	(5)	24	-	-	**19**	-	**19**
Total comprehensive income for the period	-	-	(5)	24	-	89	**108**	-	**108**
Dividends	-	-	-	-	-	(58)	**(58)**	1	**(57)**
Equity settled share-based payments	-	-	-	-	-	7	**7**	-	**7**
Acquisition of shares by trustees of the Performance Share Plan	-		-	-	-	(5)	**(5)**	-	**(5)**
Acquisition of treasury shares	-	-	-	-	-	(8)	**(8)**	-	**(8)**
Utilisation of treasury Shares	-	-	-	-	-	1	**1**	-	**1**
As at 30 Jun 2010	**169**	**101**	**(9)**	**101**	**17**	**689**	**1,068**	**4**	**1,072**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June 2011	Six months ended 30 June 2010 (restated)	Year ended 31 December 2010 (restated)
	£ million	£ million	£ million
Cash flow from operating activities			
Profit before income tax from continuing operations	**101**	114	259
Loss before income tax from discontinued operations	**(2)**	(2)	(18)
Profit before income tax	**99**	112	241
Financial income	**(12)**	(7)	(18)
Financial expense	**5**	2	3
Share of post-tax results of joint ventures	**(7)**	(9)	(13)
Intangible amortisation and goodwill impairment	**18**	11	25
Depreciation	**5**	7	12
Loss/ (profit) on disposal of businesses	**1**	(15)	(4)
Difference between contributions to retirement benefit schemes and current service cost	**-**	1	(3)
Equity settled share-based payments	**5**	7	13
	114	109	256
Increase in inventories	**(1)**	-	(1)
Increase in trade and other receivables	**(52)**	(139)	(165)
(Decrease)/increase in trade and other payables and provisions	**(7)**	68	82
Cash generated from operations	**54**	38	172
Tax paid	**(24)**	(23)	(38)
Net cash flow from operating activities	**30**	15	134
Cash flow from investing activities			
Acquisition of businesses (net of cash acquired)	**(254)**	(84)	(94)
Funding of joint ventures	**(8)**	(10)	(16)
Purchase of property, plant and equipment	**(7)**	(2)	(6)
Purchase of intangible assets	**(4)**	(5)	(7)
Decrease/ (increase) in short-term bank deposits	**147**	(80)	(66)
Disposal of businesses (net of cash disposed of)	**(3)**	16	12
Disposal of property, plant and equipment	**-**	-	1
Interest received	**5**	3	6
Dividends received from joint ventures	**4**	6	17
Amounts paid on maturity of net investment hedges	**(8)**	-	-
Net cash flow from investing activities	**(128)**	(156)	(153)
Net cash flow before financing activities	**(98)**	(141)	(19)
Cash flow from financing activities			
Dividends paid	**(25)**	(20)	(58)
Acquisition of treasury shares	**(1)**	(7)	(6)
Acquisition of shares by trustees of the Performance Share Plan	**(9)**	(5)	(5)
Net cash flow from financing activities	**(35)**	(32)	(69)
Decrease in cash and cash equivalents	**(133)**	(173)	(88)
Cash and cash equivalents as at the beginning of the period	**544**	612	612
Exchange (losses)/gains on cash and cash equivalents	**(5)**	19	20
Cash and cash equivalents as at the end of the period	**406**	458	544

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (continued)

	30 June 2011 £ million	30 June 2010 £ million	31 December 2010 £ million
Cash at bank and in hand	**157**	143	177
Bank deposits (less than three months)	**249**	315	367
Cash and cash equivalents as at the end of the period	**406**	458	544
Bank deposits (more than three months)	**49**	211	196
Net cash as at the end of the period	**455**	669	740

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 2010 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 2010 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 2010 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 2010 were prepared in accordance with IFRS as adopted by the EU. There have been no revised accounting standards adopted during the period.

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.

Basis of presentation and restatements

The condensed accounts for the period ended 30 June 2010 and the year ended 31 December 2010 have been restated to present the results rounded to the nearest million rather than to one decimal place. Following this change in presentation, all calculated numbers, for example earnings per share, continued to be calculated on the underlying numbers to 1 decimal place precision.

As announced in March 2011, the condensed consolidated income statements for the period ended 30 June 2010 and the year ended 31 December 2010 have been restated to present pension financing income within net financing income rather than within administrative expenses. The purpose of this restatement is to report the results of financing the pension schemes within net financing income. The impact of this is an increase in administrative expenses of £3 million for the six months ended 30 June 2010 and £7 million for the year ended 31 December 2010. Net financing income has increased by the same amounts. This restatement has no impact on the group's reported profit.

As announced in March 2011, the segmental analysis of the results for the period ended 30 June 2010 and the year ended 31 December 2010 has been restated, in line with the group's internal reporting structure, to present the UK asset support business within the Natural Resources division rather than the Power & Process division. In addition, the segmental analysis has also been restated to include net financing income of equity accounted joint ventures within net financing income not EBITA.

The net impact of the above restatements is to increase revenue and EBITA of the Natural Resources division by £52 million and £3 million respectively for the six months ended 30 June 2010 and £82 million and £4 million respectively for the year ended 31 December 2010. Revenue and EBITA of the Power & Process division has reduced by the same amounts.

2. 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 the world's oil and gas, minerals and metals, clean energy, and environment and infrastructure sectors. Each of the divisions is considered to be a reportable segment. Following the recent acquisition of MACTEC, the Earth & Environmental division has been rebranded to Environment & Infrastructure to better reflect the services and scope of the current business and its global growth strategy.

AMEC's Chief Executive together with the senior management team constitute the chief operating decision maker and they regularly review the performance of the 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 Lancashire Waste PPP project under construction and AMEC's remaining 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 2011	Six months ended 30 June 2010 (restated)	Year ended 31 December 2010 (restated)	**Six months ended 30 June 2011**	Six months ended 30 June 2010 (restated)	Year ended 31 December 2010 (restated)
	£ million	£ million	£ million	**£ million**	£ million	£ million
Class of business:						
Natural Resources	**790**	783	1,603	**84**	84	179
Power & Process	**432**	396	802	**35**	26	65
Environment & Infrastructure	**289**	275	593	**24**	21	55
Investments and other activities	**3**	2	7	**(4)**	(2)	6
	1,514	1,456	3,005	**139**	129	305
Internal revenue	**(30)**	(26)	(54)			
External revenue	**1,484**	1,430	2,951			
Corporate costs[1]				**(17)**	(17)	(36)
EBITA[2]				**122**	112	269
Net financing income[3]				**4**	4	11
Adjusted profit before tax				**126**	116	280
Tax on results of joint ventures[4]				**(3)**	(3)	(7)
				123	113	273
Intangible amortisation, goodwill impairment and and exceptional items				**(22)**	1	(14)
Profit before income tax				**101**	114	259

Revenue is analysed by geographical origin as follows:

	Six months ended 30 June 2011 £ million	Six months ended 30 June 2010 (restated) £ million	Year ended 31 December 2010 (restated) £ million
United Kingdom	**466**	402	852
Canada	**446**	533	1,087
United States	**326**	298	604
Rest of the World	**246**	197	408
	1,484	1,430	2,951

[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 £109 million (six months ended 30 June 2010: £99 million; year ended 31 December 2010: £245 million), but including joint venture EBIT of £13 million (six months ended 30 June 2010: £13 million: year ended 31 December 2010 : £24 million).
[3]Net financing income includes AMEC's share of net interest payable of joint ventures.

2. SEGMENTAL ANALYSIS OF CONTINUING OPERATIONS (continued)

[4]The share of post-tax results of joint ventures is further analysed as follows:

	Six months ended 30 June 2011 £ million	Six months ended 30 June 2010 £ million	Year ended 31 December 2010 £ million
EBIT	**13**	13	24
Net financing income	**(3)**	(1)	(4)
Tax	**(3)**	(3)	(7)
	7	9	13

3. AMORTISATION, IMPAIRMENT AND EXCEPTIONAL ITEMS

	Six months ended 30 June 2011 £ million	Six months ended 30 June 2010 £ million	Year ended 31 December 2010 £ million
Continuing operations:			
Administrative expenses – exceptional items	**(7)**	(4)	(8)
Administrative expenses – intangible amortisation and goodwill impairment	**(18)**	(11)	(25)
	(25)	(15)	(33)
Profit on business disposals and closures	**3**	16	19
	(22)	1	(14)
Taxation credit/(charge) on exceptional items of continuing operations	**2**	(1)	36
Taxation credit on intangible amortisation and goodwill impairment	**4**	4	7
	6	3	43
Post-tax exceptional amortisation, impairment and exceptional items of continuing operations	**(16)**	4	29
Exceptional items of discontinued operations (post tax)	**1**	1	(2)
Post-tax amortisation, impairment and exceptional items	**(15)**	5	27

Post-tax exceptional items are further analysed as follows:

					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 in prior years and foreign exchange movements on provisions established on the disposal of SPIE resulted in the pre-tax exceptional loss on disposal of £1 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 have been incurred in the period.

3. AMORTISATION, IMPAIRMENT AND EXCEPTIONAL ITEMS (continued)

Six months ended 30 June 2010

	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	10	6	16	(4)	12
Discontinued operations	5	(6)	(1)	-	(1)
Profit/(loss) before tax	15	-	15	(4)	11
Tax	(1)	2	1	-	1
Profit/(loss) after tax	14	2	16	(4)	12

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 £15 million.

Other exceptional losses of £4 million include IFRS 3 acquisition, transaction and deferred compensation costs.

Year ended 31 December 2010

	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	13	6	19	(8)	11
Discontinued operations	(9)	-	(9)	(5)	(14)
Profit/(loss) before tax	4	6	10	(13)	(3)
Tax	45	-	45	3	48
Profit/(loss) after tax	49	6	55	(10)	45

The disposal of AGRA Foundations Limited in 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 profit on business disposals and closure of £10 million.

Other exceptional losses of £13 million include transaction costs of £4 million, elements of deferred consideration on acquisitions of £4 million and certain legacy settlements of £5 million.

The tax credit of £45 million in respect of profit on disposals includes the release of a provision of £36 million relating to the disposal of AMEC's UK Wind Developments business in 2008.

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 2011 is based on an effective rate of 24.1 per cent (six months ended 30 June 2010 : 26.6 per cent), which has been calculated by reference to the projected charge for the full year.

On 23 March 2011, in his Budget Speech, the UK Chancellor of the Exchequer announced a reduction in the rate of Corporation Tax from 28 per cent to 26 per cent from 1 April 2011, with further reductions of 1 per cent per annum to 23 per cent by 1 April 2014.

As at 30 June 2011, the reduction in the rate to 26 per cent on 1 April 2011 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 26 per cent to 23 per cent would reduce the balance sheet deferred tax asset by approximately £3 million. During the period to 2014, we estimate that the effect of the proposed changes to income and equity would be a charge of £3 million to the income statement.

5. (LOSS)/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 2011 £ million	Six months ended 30 June 2010 £ million	Year ended 31 December 2010 £ million
Cost of sales and net operating expenses	**(1)**	(1)	(4)
Loss before income tax and exceptional items	**(1)**	(1)	(4)
Attributable tax	**-**	-	-
Pre-exceptional loss after income tax	**(1)**	(1)	(4)
Exceptional items – litigation and exit of businesses	**-**	(6)	(5)
Attributable tax on exceptional items	**-**	2	2
(Loss)/profit on disposal	**(1)**	5	(9)
Attributable tax on (loss)/profit on disposal	**2**	-	10
(Loss)/profit for the period from discontinued operations	**-**	-	(6)

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 2011			Six months ended 30 June 2010			Year ended 31 December 2010		
	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	**79**	**327**	**24.5**	89	326	27.2	237	326	73.0
Share options	**-**	**2**	**(0.2)**	-	2	(0.2)	-	2	(0.5)
Employee share and incentive schemes	**-**	**5**	**(0.3)**	-	5	(0.4)	-	5	(1.2)
Diluted earnings from continuing operations	**79**	**334**	**24.0**	89	333	26.6	237	333	71.3

6. EARNINGS PER SHARE (continued)

	Six months ended 30 June 2011			Six months ended 30 June 2010			Year ended 31 December 2010		
	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 loss from discontinued operations	**-**	**327**	**(0.2)**	-	326	(0.1)	(6)	326	(2.1)
Share options	**-**	**2**	**-**	-	2	-	-	2	0.1
Employee share and incentive schemes	**-**	**5**	**-**	-	5	-	-	5	-
Diluted loss from discontinued operations	**-**	**334**	**(0.2)**	-	333	(0.1)	(6)	333	(2.0)

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

	Six months ended 30 June 2011 £ million	Six months ended 30 June 2010 £ million	Year ended 31 December 2010 £ million
Profit for the period from continuing operations	**79**	89	236
Profit attributable to non-controlling interests	**-**	-	1
Basic and diluted earnings from continuing operations	**79**	89	237

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 2011			Six months ended 30 June 2010		
	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	**79**	**327**	**24.5**	89	326	27.2
Exceptional items (post-tax)	**2**	**-**	**0.7**	(11)	-	(3.6)
Intangible amortisation (post-tax)	**14**	**-**	**4.2**	7	-	2.4
Basic earnings before exceptional items and intangible amortisation	**95**	**327**	**29.4**	85	326	26.0
Share options	**-**	**2**	**(0.2)**	-	2	(0.1)
Employee share and incentive schemes	**-**	**5**	**(0.4)**	-	5	(0.4)
Diluted earnings before exceptional items and intangible amortisation	**95**	**334**	**28.8**	85	333	25.5

The calculation of earnings per share is impacted by a small loss attributable to the non-controlling interests which is not presented on the income statement due to roundings.

7. DIVIDENDS

After the balance sheet date the directors declared a dividend of 10.2 pence per share payable on 3 January 2012 to equity holders on the register at the close of business on 2 December 2011. This dividend has not been provided for and there are no income tax consequences for the company.

Dividends of £86 million were charged to reserves during the six months ended 30 June 2011 being the 2010 interim dividend of 7.3 pence per share and the 2010 final dividend of 19.2 pence per share. Dividends totalling £25 million were paid during the six months ended 30 June 2011.

8. INTANGIBLE ASSETS

	Goodwill £ million	**Software £ million**	**Other £ million**	**Total £ million**
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 business	-	-	(3)	(3)
As at 30 June 2011	**42**	**16**	**65**	**123**
Net book value:				
As at 30 June 2011	**724**	**20**	**122**	**866**
Cost:				
As at 1 January 2010	439	18	74	531
Exchange and other movements	22	1	2	25
Acquisition of businesses	58	-	29	87
Additions	-	5	-	5
Disposal of businesses	(2)	-	-	(2)
Reclassifications from property, plant and equipment	-	1	-	1
As at 30 June 2010	517	25	105	647
Amortisation:				
As at 1 January 2010	37	11	29	77
Exchange and other movements	2	1	1	4
Provided during the period	-	1	10	11
Reclassifications from property, plant and equipment	-	1	-	1
As at 30 June 2010	39	14	40	93
Net book value:				
As at 30 June 2010	478	11	65	554

* Amounts provided during the period include goodwill impairment of £2 million.

9. OTHER NON-CURRENT ASSETS AND LIABILITIES

Other non-current receivables of £22 million (30 June 2010: £nil; 31 December 2010: £nil) represent indemnities received on the acquisition of MACTEC.

Trade and other payables of £13 million (30 June 2010: £18 million; 31 December 2010: £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 2010 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 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**
As at 1 January 2010	54	75	42	9	180
Exchange movements	2	(3)	-	-	(1)
Transfer from trade and other payables	1	(2)	-	(1)	(2)
Utilised	(2)	(3)	-	-	(5)
Charged/ (credited) to the income statement:					
Additional provisions	1	2	1	1	5
Unused amounts reversed	(5)	(1)	-	-	(6)
As at 30 June 2010	51	68	43	9	171

11. ACQUISITIONS

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 2011 or in the period from their acquisition to 30 June 2011.

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 initial accounting for these acquisitions has been determined provisionally.

11. ACQUISITIONS (continued)

qedi

On 21 February 2011, the group acquired all of the shares in qedi. qedi is a market-leading project delivery company, focused on delivering specialist completion and commissioning services for major projects in the oil and gas industry. The acquisition strengthens AMEC's project delivery capability across its key sectors, supports the Vision 2015 strategy, and reinforces AMEC's excellent track record through commissioning into operation.

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

	Recognised value £ million
Intangible assets	14
Trade and other receivables	10
Bank loans	(1)
Trade and other payables	(4)
Deferred tax liability	(3)
Net identifiable assets and liabilities	16
Goodwill on acquisition	17
	33
Consideration:	
Cash - paid on completion	28
- paid to repay debt	5
	33

Goodwill has arisen on the acquisition of qedi primarily through the recognition of the specialist expertise of its workforce in completion and commissioning services for major projects in the oil and gas industry, together with opportunities for expansion of the qedi business utilising AMEC's geographic coverage.

Zektingroup

On 28 February 2011, the group acquired all of the shares in Zektingroup. Zektingroup is an Australian-based specialist engineering consultancy for the oil and gas and resources industries. The acquisition provides AMEC with oil and gas capability on the east coast of Australia, as well as access to the coal seam methane sector. This is fully aligned with AMEC's vision 2015 strategy of assured growth through a strengthened geographic footprint and enhanced capabilities in key sectors.

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

	Recognised value £ million
Intangible assets	5
Trade and other receivables	7
Cash and cash equivalents	1
Current tax payable	(1)
Trade and other payables	(3)
Deferred tax liability	(1)
Net identifiable assets and liabilities	8
Goodwill on acquisition	25
	33
Consideration – paid in cash on completion	27
– contingent consideration	6
	33

Goodwill has arisen on the acquisition of Zektingroup through recognition of the value of its workforce of circa 220 which has strong capabilities and experience in target markets and also through opportunities for synergies with and cross-selling for existing AMEC businesses.

The contingent consideration of £6 million shown above is payable to the extent that EBIT over the two year period post closing exceeds the stated target.

11. ACQUISITIONS (continued)

MACTEC

On 3 June 2011, the group acquired all of the shares in MACTEC. MACTEC is a leading US engineering and environmental services company which provides a similar wide range of services to the group's existing Environment & Infrastructure business. The acquisition provides greater access to new customers and regions, is fully aligned with the Vision 2015 strategy and provides the group with the right scale to service the important and growing environmental and infrastructure engineering services market.

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

	Recognised value £ million
Property, plant and equipment	4
Intangible assets	62
Trade and other receivables	84
Cash and cash equivalents	14
Current tax payable	(2)
Trade and other payables	(47)
Deferred tax liability	(5)
Retirement benefit liabilities	(20)
Provisions	(22)
Net identifiable assets and liabilities	68
Goodwill on acquisition	115
	183
Consideration:	
Cash - paid on completion	123
- paid to repay debt	60
	183

Goodwill has been recognised on this acquisition through recognition of the value of its workforce of circa 2,600 mostly highly skilled technical professionals. MACTEC's 70 offices are mainly based in eastern USA, complementing the strength of the existing AMEC Environment and Infrastructure business in Western US and Canada. The acquisition also provides significant opportunities for synergy benefits and cost savings.

Other acquisitions

One smaller acquisition was made in the period for £9 million in cash paid on completion and a further £3 million dependent on the achievement of set targets for labour revenue growth. The aggregate fair value of identifiable net assets was £6 million and goodwill arising on the acquisition was £6 million.

Goodwill has been recognised on this acquisition as a result of expected synergies.

A further £16 million was paid in the period in respect of businesses acquired in 2010 and prior.

12. CONTINGENT LIABILITIES

There have been no significant changes to contingent liabilities during the six months ended 30 June 2011.

13. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2011 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 2011 £ million	Six months ended 30 June 2010 £ million	**30 June 2011 £ million**	30 June 2010 £ million
Services rendered	**23**	34	**7**	3
Services received	**2**	-	**3**	8
Provisions of finance	**7**	4	**13**	13
Management contracts	**2**	1	**2**	1

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

25 August 2011

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 2011 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 2011 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

25 August 2011