

## Half year financial report for the six months ended 30 September 2011

### Solid half year performance in challenging markets

Design and engineering consultancy group WS Atkins plc (Atkins) today announces unaudited results for the six months ended 30 September 2011.

#### FINANCIAL SUMMARY

Key Performance Indicators		Six months to 30 Sept 2011	Six months to 30 Sept 2010	Increase/ (Decrease)
<i>Income statement - on an underlying basis</i>				
	a			
Underlying operating profit		<b>£51.5m</b>	£48.3m	6.6%
Underlying operating margin		<b>6.1%</b>	7.3%	(1.2) pp
Underlying profit before taxation		<b>£46.4m</b>	£41.7m	11.3%
Underlying diluted earnings per share		<b>36.2 p</b>	32.5 p	11.4%
<i>Income statement - as reported</i>				
Revenue		<b>£842.9m</b>	£664.2m	26.9%
Operating profit		<b>£49.3m</b>	£45.3m	8.8%
Operating margin		<b>5.8%</b>	6.8%	(1.0) pp
Profit before taxation		<b>£44.2m</b>	£38.7m	14.2%
Profit after taxation		<b>£34.9m</b>	£29.4m	18.7%
Diluted earnings per share		<b>34.8 p</b>	29.5 p	18.0%
Dividend	b	<b>9.75 p</b>	9.5 p	2.6%
Average staff numbers	c	<b>17,529</b>	15,470	13.3%
Work in hand		<b>88.2%</b>	88.0%	0.2 pp

  

		30 Sept 2011	31 Mar 2011	Increase/ (Decrease)
Closing staff numbers	c	<b>17,710</b>	17,522	1.1%
Net funds	d	<b>£95.6m</b>	£123.3m	(22.5)%

#### Notes:

a. Underlying profit excludes transaction costs of the PBSJ acquisition in 2010 and amortisation of related intangible assets in 2011

b. Interim dividend declared for the six months to 30 September

c. Staff numbers are shown for continuing operations and on a full-time equivalent basis, including agency staff

d. Net funds comprise cash and cash equivalents plus financial assets and loan notes receivable less borrowings

#### Highlights

- Underlying operating profit up 7% on revenue up 27%, following North American acquisition
- North American acquisition integration progressing well with consultancy business margin improved by 100bps
- Diversification now delivering more than 50% of Group revenue from outside the UK segment
- Good asset performance contributing to IAS19 post-tax pension deficit reduction of £43m to £206m
- Interim dividend increased by 3%
- Overall outlook for the full year unchanged

Commenting on the results, Uwe Krueger, chief executive, said:

“The Group has delivered solid half year results. Our strategic priorities to deliver shareholder value are to drive operational excellence, to optimise our portfolio, and to grow in attractive market sectors.

Notwithstanding the continuing challenges we face, with our diversified exposure to a range of end markets and geographies and good work in hand as we move into the second half, our overall outlook for the year remains unchanged.”

## **Enquiries**

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## **Notes to editors**

### **1. Atkins**

Atkins ([www.atkinsglobal.com](http://www.atkinsglobal.com)) is one of the world's leading engineering and design consultancies\*, employing some 17,700 people across the UK, North America, Middle East, Asia Pacific and Europe. It has the breadth and depth of expertise to plan, design and enable some of the world's most technically challenging and time critical infrastructure projects.

\*It is the largest engineering consultancy in the UK (New Civil Engineer Consultants File 2011) and the 13th largest global design firm (Engineering News-Record 2011).

Atkins is the official engineering design services provider for the London 2012 Olympic and Paralympic Games.

### **2. Attachments**

Attached to this announcement are: the overview of the period, business review, finance review, statement of directors' responsibilities, the unaudited: consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of cash flows, consolidated statement of changes in equity, notes to the condensed consolidated interim financial information and the independent auditor's review report.

### **3. Analyst Presentation**

A presentation for analysts will be held at 8.30am today at JPMorgan Cazenove, 20 Moorgate, London EC2R 6DA. Dial-in details are available from Smithfield for those wishing to join the presentation by conference call.

A webcast of the presentation will subsequently be available via the Company's website, [www.atkinsglobal.com](http://www.atkinsglobal.com).

### **4. Cautionary Statement**

This interim financial information has been prepared only for the shareholders of Atkins as a whole and its sole purpose and use is to assist shareholders to exercise their governance rights. Atkins and its directors and employees are not responsible for any other purpose or use or to any other person in relation to this report.

The report contains indications of likely future developments and other forward-looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries, sectors and business segments in which the Group operates. These and other factors could adversely affect the Group's results, strategy and prospects. Forward-looking statements involve risks, uncertainties and assumptions. They relate to events and/or depend on circumstances in the future which could cause actual results and outcomes to differ materially from those currently anticipated. No obligation is assumed to update any forward-looking statements, whether as a result of new information, future events or otherwise.

## Half year financial report for the six months ended 30 September 2011

### OVERVIEW

#### Results

The results for the six months ended 30 September 2011, delivered in the context of challenging economic conditions, demonstrate both our continued resilience and the effectiveness of our investment strategy in attractive growth markets.

Turnover has increased by 27% compared with the same period last year, on average staff numbers up 13%, largely due to our North American acquisition. The year on year growth in our overseas and energy businesses means that they now represent more than 50% of the Group's revenue. In the UK segment, where our headcount has been stabilising during the first six months, revenue and average headcount are down around 8% on the same period last year. The slight reduction in the UK headcount since 31 March 2011 primarily reflects a number of staff who were already on notice of redundancy at the year end.

On a comparable basis, excluding amortisation of intangible assets relating to the acquisition of The PBSJ Corporation (now Atkins North America) in 2011 and the transaction costs for the acquisition in 2010, the Group's operating profit rose 7% to £51.5m (2010: £48.3m).

The integration of Atkins North America has progressed well, with the margin improvement of 100bps in the consultancy business compared to the six months ended 31 March 2011. Peter Brown's new leadership team continues to address a number of project issues previously reported, which we now expect to be fully resolved in this financial year.

We are successfully leveraging and integrating our other smaller acquisitions within our European and energy businesses, capitalising on their niche expertise to broaden our service offering.

The Group's underlying profit before tax, adjusted for intangible amortisation and PBSJ transaction costs in this year and last year respectively, is £46.4m (2010: £41.7m) and underlying diluted earnings per share is 36.2p (2010: 32.5p).

The Group's balance sheet remains strong with net funds at 30 September 2011 of £95.6m (March 2011: £123.3m). The reduction since 31 March 2011 is primarily due to the Group's seasonal working capital requirement in the first half of the year, with the increasing structural needs of our Middle East business offset by a strong performance elsewhere in the Group.

The Group recently announced the sale of its UK asset management business for a cash consideration of £5m payable on completion, together with a deferred conditional amount of £0.5m. The transaction is expected to complete at the end of November.

We announced in June that the Group had commenced a consultation process with those employees who are members of the UK defined benefit pension plan in relation to a proposal to remove the link between employees' accrued pension and future increases in salary. The consultation process is now complete and the decision to remove the link to final salary has been made, effective 1 February 2012 and is expected to affect approximately 1,400 employees.

#### Group priorities

We have three principal priorities over the medium term. These are operational excellence, portfolio optimisation and sector focus.

*Operational excellence:* The fundamental building block of any successful strategy is the good performance of the underlying business. We are driving operational performance across the Group – with a distinct focus on optimising financial delivery. This involves a continued review of utilisation, keeping our focus on margin and ensuring an emphasis on billing and cash collection. We also need to capitalise on organic growth opportunities – especially outside the UK segment. With this foundation we will be well placed for progress in the future, with a medium term margin target of more than 8%.

*Portfolio optimisation:* A second aspect of ensuring we are fit for the future is an ongoing review of the businesses in our portfolio. The UK asset management business has for some time been identified as a non-core business within the Group and we are convinced that the new parent will better provide the investment it requires to grow. This divestment is an important step towards focussing the Group further on higher growth, higher margin activities.

*Sector focus:* As we look across the portfolio it is clear that a number of our existing sectors have attractive growth prospects. These include areas such as energy – already identified for investment and reported separately in our results. Aerospace is another area where we can grow from our relatively small base and we have recently opened an office in Seattle to target growth in North America. Security issues, especially in areas such as the Middle East, are becoming more prevalent, and we have capabilities that we can bring to bear in this area. Water is a very significant market and our skills in the UK and North America can be marshalled and augmented to address this market across the world. We will redirect and leverage resources and technical capabilities to address each of these sectors. Acquisitions remain possible to supplement organic growth as we look to balance our client and sector mix. We will also seek to expand our market facing offering in geographic areas where we already have a presence, for example in North America and India.

### **Outlook for the year**

The Group has delivered a solid half year performance. Notwithstanding the continuing challenges we face, with our diversified exposure to a range of end markets and geographies and good work in hand as we move into the second half, our overall outlook for the year remains unchanged.

### **Dividend**

The Board has declared an interim dividend of 9.75p per share, representing an increase of 3% on last year. The interim dividend will be paid on 27 January 2012 to all shareholders on the register on 23 December 2011.

## BUSINESS REVIEW

### United Kingdom

Key Performance Indicators	Six months to 30 Sept 2011	Six months to 30 Sept 2010	Increase/ (Decrease)
Revenue	<b>£420.4m</b>	£454.7m	(7.5)%
Operating profit	<b>£24.6m</b>	£30.9m	(20.4)%
Operating margin	<b>5.9%</b>	6.8%	(0.9) pp
Work in hand	<b>92%</b>	89%	3 pp
Staff numbers at 30 September	<b>9,403</b>	10,246	(8.2)%
Average staff numbers	<b>9,449</b>	10,327	(8.5)%

As anticipated, the UK market remains challenging. The year on year revenue decrease reflects staffing reductions, the majority of which were completed by the end of the last financial year. Since 31 March 2011, we have seen underlying headcount stabilising, with the slight reduction in the six month period primarily reflecting those staff in our highways and transportation business already on notice of redundancy at the end of the last financial year.

Our broad multi-disciplinary offering has helped to mitigate the impact of constrained public sector spending, and added resilience continues to be brought to the UK business through its support of projects for the Group's Middle East operations.

Our highways and transportation business has begun the year well, following significant restructuring last year. However, the overall market remains challenging, with significant pricing pressure. Our highway services business continues to operate with strong work in hand, with the first of its existing contracts not scheduled for renewal until 2013. The consultancy side of the business has been successful in a number of framework contracts, notably on all four of the Government's technology management buying solutions frameworks and the Department for Transport technical and engineering advice and research framework.

Our design work for the widening of the M25 is almost complete, with the first sections fully open to traffic, keeping the overall programme on track to complete in time for the London 2012 Olympic and Paralympic Games. The related 30-year operation and maintenance joint venture contract is progressing in line with our expectations. The joint venture, which comprises Balfour Beatty (52.5%), Egis (15%) and Atkins (32.5%), provides services in network management, asset inspection, traffic management, tunnel operations, incident management, routine and winter maintenance for the entire M25 including junctions and spur roads, over a distance of 250 miles.

Our UK rail business operates in a competitive, but well-funded, market. We have previously reported that the delayed letting of the major frameworks for our signalling business would have an impact on the utilisation and operating results of our rail business in the second quarter. Further delays have been experienced and work on any future project awards this financial year is unlikely to commence until 2012/13 and will therefore now have a significant impact on our second half workload. Notwithstanding the delays, we continue to remain confident that our excellent delivery record positions us well to secure our share of these major signalling framework contracts and, as a consequence, have not sought to reduce staffing levels in this part of the business.

In our water and environment business we are seeing volumes improving on the framework contracts we have with a number of the UK water companies, as their asset management investment programmes progress.

In our role as the official engineering design services provider for the London 2012 Olympic and Paralympic Games, we continue to focus on the delivery of work for the Olympic Delivery Authority and the London Organising Committee of the Olympic and Paralympic Games. This multiple award winning project is an excellent example of the depth of multidisciplinary expertise within the Group. Our UK resources in this part of the business also play an integral role providing design management and technical capability to assist in the delivery of projects in a number of our overseas markets, most notably the Middle East.

Our defence, aerospace and communications and management consultancy businesses continued to perform well during the first six months of the year. Security and intelligence are key markets for these businesses both within the UK and, increasingly, in our other regions, with good margin potential.

Faithful+Gould, which provides project and cost management services to a wide range of clients across the public and private sectors, has performed in line with expectations in a challenging market.

We have recently announced the sale of our UK asset management business, which employs c. 550 staff, as we proactively manage the composition of the Group. We have for some time believed that this business would be best developed through integration with a company dedicated to on-site service solutions and are therefore delighted that its new owner, Sodexo, will continue to develop the business under its own brand.

## **Outlook**

The overall outlook for the UK remains stable, with the business working in a number of well-funded markets. However, we see a challenging second half of the year for our rail business, due to the delays in signalling projects coming to the market. We have a solid, diversified platform to help navigate short term market challenges, and a breadth of expertise that will help us exploit opportunities when growth returns.

Our work in hand, at 92%, shows an improved position over this time last year (2010: 89%).

## North America

Key Performance Indicators	Six months to 30 Sept 2011	Six months to 30 Sept 2010	Increase/ (Decrease)
Revenue	<b>£226.0m</b>	£27.5m	n/m
Operating profit	<b>£11.7m</b>	£1.6m	n/m
Operating margin	<b>5.2%</b>	5.8%	(0.6) pp
Work in hand	<b>83%</b>	90%	(7) pp
Staff numbers at 30 September	<b>3,349</b>	483	n/m
Average staff numbers	<b>3,352</b>	497	n/m

*n/m – not meaningful*

Our business in North America was transformed this time last year with the acquisition of The PBSJ Corporation (now Atkins North America), significantly increasing the scale of our operations in the region, and the integration is progressing well.

The overall results for the first half of the year were encouraging. We are particularly pleased with the margin progression achieved within the consultancy business, increasing from 5.8% in the six months to 31 March 2011 to 6.8% in the six months to 30 September 2011. Peter Brown's new leadership team continues to address a number of project issues previously reported, which we now expect to be fully resolved in this financial year.

In the context of a market in North America that remains challenging, with constraints on Federal spending and some limitations on funding awarded projects due to budget restrictions and uncertainty, our business has performed well.

Specifically, our transportation business has achieved a number of successes in the period. We have continued our work on the Florida turnpike toll system and have secured a new intelligent transport systems contract in Atlanta for traffic operations/management centres. Our North American business also continues to support the Group with specialist expertise in other regions, most notably providing airport experience into the Middle East.

The emergency management services part of our design and engineering business has been busy during the first six months of the year, primarily due to our response and recovery efforts with the Alabama tornadoes and Hurricane Irene. This is unlikely to continue at the same level in the second half.

Our water and environment business secured several key design wins for water and wastewater facilities in the eastern United States, while our ports and coastal team secured a major programme management contract with the Port of Miami.

Recent key Federal wins included new contracts for the National Park Service and the Environmental Protection Agency. A continued business development focus on the New Orleans, Louisiana market has resulted in recent wins with the state's Department of Natural Resources.

### Outlook

Despite the continued uncertainty surrounding Federal and local funding and a seasonally weaker second half for this part of the Group, work in hand at 30 September 2011, at 83%, was good. In the medium-term the region's need to address its ageing infrastructure remains a key driver for future growth in which we expect to participate as we broaden our service offering and geographic presence.

## Middle East

Key Performance Indicators	Six months to 30 Sept 2011	Six months to 30 Sept 2010	Increase/ (Decrease)
Revenue	<b>£78.2m</b>	£70.5m	10.9%
Operating profit	<b>£7.8m</b>	£8.1m	(3.7)%
Operating margin	<b>10.0%</b>	11.5%	(1.5) pp
Work in hand	<b>91%</b>	88%	3 pp
Staff numbers at 30 September	<b>1,770</b>	1,637	8.1%
Average staff numbers	<b>1,640</b>	1,678	(2.3)%

Our Middle East business has performed well in the first half of the financial year, with revenue up 10.9%, building on our well established local presence in eight primary offices across the region. The slight margin reduction reflects a more sustainable level, with investment costs in the current year offsetting the benefit of continued debt recoveries. In a market with significant opportunities, we have been successful in extending our work in hand and enter the second half with 91% of budgeted workload secured.

The region continues to demonstrate its intention to take a more strategic approach to infrastructure development, although we are still experiencing some delays with planned projects taking time to come to fruition.

Our strategy of sector diversification continues as we increase our planning and infrastructure capabilities across the region. We are investing in Qatar and following success with existing projects underway such as our work on the Lusail Light Rail project, we are confident of securing significant additional planning and infrastructure projects in the short term. In Saudi Arabia we continue work on the Makkah Metro and the King Abdulaziz International Airport in Jeddah, where we are the lead designer and programme manager for this challenging new 30 million passenger per annum terminal and associated buildings and infrastructure.

These opportunities provide a more balanced portfolio across both sector and geography within the region.

In Dubai we continue our work on the design for the Dubai Metro Green Line, having already completed the Red Line. In Abu Dhabi, where we have seen a recent slowdown in the release of projects, we have continued our work on the concept design for the 1,300km Etihad Rail project (formerly Union Rail).

While we are making some progress with our outstanding debt recovery across the region, with our prudent provisioning policy this is somewhat offset with more onerous contract payment terms on some of our current government and infrastructure work.

Staff numbers have steadily increased over the last six months to 1,770 (2010: 1,637), some 8% up on the same time last year and 14% up on the position at 31 March 2011.

### Outlook

Overall market sentiment continues to improve and we are well placed to build on our strong reputation in the region and capitalise on some excellent opportunities, with ongoing challenges in respect of pace, scale and complexity.

A number of countries in which we have an established presence have announced significant infrastructure and associated building programmes, most notably Qatar, following its successful bid to host the 2022 FIFA World Cup, and The Kingdom of Saudi Arabia, where the establishment of our local partnership positions us well.

Our order book at 30 September 2011 totalled 91% of budgeted revenue for the year (2010: 88%), positioning us for further growth through the second half. The overall outlook for our Middle East business is good.

## Asia Pacific and Europe

Key Performance Indicators	Six months to 30 Sept 2011	Six months to 30 Sept 2010	Increase/ (Decrease)
Revenue	<b>£78.4m</b>	£73.4m	6.8%
Operating profit	<b>£3.9m</b>	£4.0m	(2.5)%
Operating margin	<b>5.0%</b>	5.4%	(0.4) pp
Work in hand	<b>91%</b>	88%	3 pp
Staff numbers at 30 September	<b>2,010</b>	1,927	4.3%
Average staff numbers	<b>1,960</b>	1,932	1.4%

Our Asia Pacific and Europe businesses have performed well in the first six months of the year as we continue to focus on improving the quality and diversity of our service offering.

This operating segment consists of our design and engineering consultancy and Faithful+Gould businesses in Hong Kong, mainland China and Singapore, and six countries across Europe: Denmark, Ireland, Norway, Poland, Portugal and Sweden.

The portfolio of businesses increased revenue by 6.8%, with margins down slightly at 5.0% (2010: 5.4%), and ended the period with staff numbers just over 2,000.

Our businesses in Asia Pacific and Scandinavia are performing well and continue to grow. Our operations in Ireland and Portugal, however, continue to struggle due to the general economic conditions and government austerity measures, although the two businesses combined now account for less than 1% of the Group's turnover and headcount.

In the Asia Pacific region we have 1,217 staff (2010: 1,150), an increase of 5.8% on the same time last year. We continue to invest in building quality resources in China, focusing on the development of our architectural and urban master planning businesses. Our increased capability and reputation has been recognised as we secure increasingly sizeable and complex projects with better quality earnings, an excellent example of which is our ongoing design work on the 200 metre high headquarters tower for the Bank of China.

In Hong Kong, we have expanded our mechanical and electrical engineering resource and invested in additional architectural capability to increase our reach into the wider infrastructure market, serving contractors and private sector developers, and providing a greater platform for further revenue and margin growth. The Hong Kong rail market remains buoyant and our design work for MTRC is progressing well. The Hong Kong Government is still issuing a wide range of tenders and appears committed to its major infrastructure expenditure programme. With our strong position in the market, we are well placed to deliver these upcoming projects.

Faithful+Gould, which has around 150 staff in the Asia Pacific region, continues to work in a stable pharmaceutical and oil and gas market, with increasing opportunities in the industrial and property sectors.

Our businesses in Scandinavia, where we have approximately 550 staff, are performing well. We continue to broaden our service offering to capitalise on investment in critical infrastructure in both the public and private sectors. An example of this is the award by Rail Net Denmark, as part of a consortium with Vössing, EKJ Consulting engineers and Sweco, to design the first phase of the high speed enabled rail line in Denmark. This flagship project is the first Danish line designed for high speed operation. We also continue to work on the preliminary studies and design work for several new and existing bridge structures as part of a widening programme on the Køge Bay motorway in Denmark, a project that our recent acquisition, Gimsing and Madsen, helped us secure. We are progressing well with Denmark's European Rail Traffic Management System project (ERTMS), a significant resignalling design contract extending over 15 years.

In Poland, we continue to focus on our project and environmental services for the transport and energy markets, and we continue work as the owner's engineer for the Polish liquefied natural gas (LNG) project.

**Outlook**

Overall, the outlook for this segment remains good. There are good prospects for our rail design and infrastructure businesses in Hong Kong and strong demand for urban planning and architectural design in mainland China. Our Scandinavian businesses continue to grow steadily, while our other European businesses continue to face challenging market conditions.

We have secured work in hand of 91% of 2011/12 budgeted revenue (2010: 88%), which provides a good platform for continued growth.

## Energy

Key Performance Indicators	Six months to 30 Sept 2011	Six months to 30 Sept 2010	Increase/ (Decrease)
Revenue	<b>£58.2m</b>	£47.7m	22.0%
Operating profit	<b>£4.3m</b>	£4.0m	7.5%
Operating margin	<b>7.4%</b>	8.4%	(1.0) pp
Work in hand	<b>76%</b>	80%	(4) pp
Staff numbers at 30 September	<b>1,108</b>	959	15.5%
Average staff numbers	<b>1,056</b>	970	8.9%

Our energy business has had a good start to the year, with revenue up 22%, reflecting our ongoing investment in both organic and acquisition-led growth.

We operate worldwide and remain focused on nuclear, oil and gas, conventional power generation and renewables. Both our strategic nuclear alliance, n.triple.a (the Nuclear Atkins Assystem Alliance), with the French engineering consultancy, Assystem, and our alliance with Scottish and Southern Electric, addressing the offshore renewables market, are performing well. Our ongoing investment programme in this segment is the primary driver of the reduction in the reported operating margins.

In June of this year we acquired Pöyry's 130 people-strong oil and gas business for a cash consideration of £14.5m. This acquisition considerably strengthens our ability to deliver process-led multidisciplinary projects, adding to our traditional oil and gas consultancy and assurance services. Integration is progressing well and a recently awarded, significant multidisciplinary design contract for a gas processing plant in Oman will be delivered by our new Perth colleagues and our established Middle East team.

Elsewhere in oil and gas we are seeing strong demand for our services within a buoyant sector, with a significant number of contracts for major international operators reflecting increasing industry confidence.

Our work in a growing liquefied natural gas (LNG) market continues, supported by the acquired skills in the Pöyry business, and we now have live projects in Poland and Singapore.

We remain busy in the nuclear market on both existing nuclear generation and decommissioning work, and we continue to win work for the nuclear new build programme in the UK. Recent contract awards include the design of the proposed plant extension for Urenco's largest plant at Capenhurst, near Chester in the UK.

The internationalisation of our nuclear business has gained pace this year with our success in securing the lender's technical adviser role for the United Arab Emirates' peaceful nuclear energy programme.

Our work on the International Thermonuclear Experimental Reactor (ITER) programme in the south of France, which is now in the construction phase, is progressing well. ITER is the next step in a global research and development programme to harness nuclear fusion to generate electricity. The €150m contract was won by a multidisciplinary Atkins team, working in joint venture alongside three other companies. As architect engineer, the joint venture is providing full multidisciplinary design services for this €3bn capital project.

Our power business has seen significant activity in offshore renewables; a market in which we continue to see success, having secured a commission for Forewind on the large Dogger Bank wind farm. We have successfully integrated the acquisition of the Technical Services Scotland consultancy made last financial year, adding skills to our existing capability in the power sector.

## **Outlook**

The outlook for our energy business remains very good, with work in hand at 76% (2010: 80%).

Investment through acquisitions and joint ventures has strengthened our business in what is a strong market. A high oil price, an increased focus on integrity management of existing operational facilities and the design of new facilities in both the oil and gas and nuclear markets, together with an imperative to decarbonise the economy all remain key growth drivers for our business in this sector.

## **FINANCE REVIEW**

The revenue and operating profit for the six months to 30 September 2011 are discussed in the preceding Business Review.

### **Taxation**

The Group's income tax expense for the six months ended 30 September 2011 was £9.3m (2010: £9.3m), giving an effective tax rate of 21.1% (2010: 24.0%). The Group's normalised tax rate (excluding amortisation of intangibles on acquisition) was 22.0% (2010: 24.0%). The normalised effective tax rate is lower than the UK standard corporation tax rate of 26% (2010: 28%) due to a combination of the geographic mix of profits, release of prior year provisions and the impact of R&D tax credits.

Changes to the UK corporation tax system were included in the June 2010 and March 2011 Government budget announcements, and included the reduction of the main corporation tax rate from 28% to 23% by 1 April 2014. The reduction in the rate from 28% to 26% from 1 April 2011 and to 25% from 1 April 2012 had been enacted at 30 September 2011 and therefore the impact of these changes has been reflected in the effective tax rate calculations.

### **Pensions**

#### ***Pension costs***

The cost of the Group's defined benefit pension schemes for the six months to 30 September 2011 amounted to £7.3m (2010: £10.9m).

#### ***Funding***

The latest actuarial valuation of the Group's principal defined benefit scheme, the Atkins Pension Plan (the Plan), was carried out as at 31 March 2010. The valuation indicated that the Plan had an actuarial deficit of approximately £293m as at 31 March 2010. Agreement was reached in June 2011 with the Trustee of the Plan with respect to this funding valuation and the associated recovery plan. Deficit contributions of £14m were made to the Plan in the six months to 30 September 2011, with an agreement for the Group to contribute a total of £26m in each of the current and next financial years, followed by £32m per annum for the subsequent seven years ending 31 March 2020.

The defined benefit section of the Plan is closed to future accrual of benefit for members who do not enjoy a statutory or contractual right to a final-salary pension. While closed to future accrual, the link to final salary has currently been retained. However, on 30 September 2011 the Group's principal UK employing company completed a consultation process with its employees who are members of the Plan relating to a proposal to remove the link between individual employee's accrued pension and future increases in salary. Following completion of the consultation process the decision to remove the link has been made and will be effective from 1 February 2012, affecting approximately 1,400 employees.

In addition, primarily to reduce further the future volatility of any deficit, the Group is undertaking an enhanced transfer value (ETV) exercise for deferred members of the Plan. The Group is also exploring the potential to undertake a pension increase exchange (PIE) for pensioners.

### **IAS 19**

The post-tax retirement benefit liability of the Group's pension schemes is estimated at £206.3m (30 September 2010: £342.1m; 31 March 2011: £249.3m). The value of the schemes' assets increased by £35.3m in the six months to 30 September 2011 which, coupled with a reduction in the defined benefit obligation of £27.4m over the same period, resulted in a reduction in IAS 19 deficit of £62.7m. The improvement since 31 March 2011 is primarily due to a combination of the asset performance within the Plan (largely due to the benefit of the Plan's interest rate hedging programme which saw the value of its interest rate swaps rise significantly in the period) and a reduction in the rate of inflation of 0.4% pa (thereby reducing inflation-linked liabilities).

The key assumptions used in the IAS 19 valuation and their sensitivities are detailed in note 17 to the condensed consolidated interim financial information.

## Earnings per share (EPS)

Diluted EPS increased by 18% to 34.8p (2010: 29.5p) primarily as a result of the increase in the Group's profit before tax of 14%.

Basic EPS from continuing operations for the period was 35.6p (2010: 30.2p).

## Net funds

Net funds are analysed as follows:

<b>£m</b>	<b>30 Sept 2011</b>	30 Sept 2010	31 March 2011
Cash and cash equivalents	<b>138.0</b>	350.9	121.5
Loan notes receivable	<b>23.1</b>	23.5	20.1
Financial assets at fair value through profit & loss	<b>42.1</b>	34.2	34.7
Financial assets held for sale	<b>4.5</b>	-	-
Borrowings due within one year	<b>(106.4)</b>	(25.5)	(46.3)
Borrowings due after one year	-	(95.8)	-
Finance leases	<b>(5.7)</b>	(8.1)	(6.7)
<b>Net funds</b>	<b>95.6</b>	279.2	123.3

The Group's treasury policies and financial risk management remain as described in the annual financial statements for the year ended 31 March 2011. In addition to the net funds above, the Group has £30.1m (2010: £17.3m) of undrawn committed borrowing facilities available to fund its operations as disclosed in note 16 to this condensed consolidated interim financial information.

## Cash flow

Cash generated from continuing operations was £12.9m (2010: £10.2m) and can be summarised as follows:

<b>£m</b>	<b>30 Sept 2011</b>	30 Sept 2010	31 March 2011
EBITDA	<b>62.7</b>	54.3	129.3
Outflow relating to pensions	<b>(14.0)</b>	(16.0)	(31.9)
Movement in working capital	<b>(37.3)</b>	(29.9)	(37.7)
Movement in provisions	<b>(3.3)</b>	(2.3)	(3.8)
Other non-cash items	<b>4.8</b>	4.1	12.6
	<b>12.9</b>	10.2	68.5

## Risks

The Group considers strategic, financial and operational risks and identifies actions to mitigate those risks. Key risks and their mitigation have not changed in the period from those disclosed on pages 41 to 43 of the annual financial statements for the year ended 31 March 2011, namely:

- Competition in all of its markets
- Changes to the contracting environment
- Integration of acquired businesses
- Matching staff levels to workload
- Managing clients' and our own projects
- Defined benefit pension funds and managing the deficit
- Market position and reputation
- Health, safety and the environment
- Data security
- Recruitment and retention of sufficient high-calibre staff
- Crisis events
- Cash management
- Carbon impact and sustainability
- Global political, economic, legal and regulatory risks.

We remain vigilant regarding these potential risks, in particular the impact of the continuing recessionary and liquidity issues in our major markets.

### **Going concern**

The Group meets its day-to-day working capital requirements through cash generated from operations and its bank facilities. The continuing challenges in the market and current economic conditions understandably cause some uncertainty. We have good work in hand and the Group's forecasts and projections, looking at various scenarios, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial information.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors confirm that this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- An indication of important events that have occurred during the first six months 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 financial year; and
- Material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The directors are listed in the Annual Report for the year ended 31 March 2011, with the exception of the following changes in the period: Keith Clarke retired on 31 July 2011, Sir Peter Williams retired on 8 September 2011 and Rodney Slater was appointed on 9 September 2011. A list of current directors can be found at [www.atkinsglobal.com](http://www.atkinsglobal.com).

By order of the Board  
Richard Webster  
Company Secretary

17 November 2011

**Consolidated income statement for the six months ended 30 September 2011 (unaudited)**

	Note	Six months to 30 Sept 2011 £m	Six months to 30 Sept 2010 £m	Audited Year to 31 March 2011 £m
Revenue (Group and share of joint ventures)		<b>866.7</b>	677.9	1,612.0
<b>Revenue</b>	5	<b>842.9</b>	664.2	1,564.3
Cost of sales		<b>(541.2)</b>	(413.8)	(975.2)
<b>Gross profit</b>		<b>301.7</b>	250.4	589.1
Administrative expenses		<b>(252.4)</b>	(205.1)	(482.1)
<b>Operating profit</b>	5	<b>49.3</b>	45.3	107.0
Share of post-tax profit/(loss) from joint ventures	5,7	<b>0.6</b>	-	(1.9)
<b>Profit before interest and tax</b>		<b>49.9</b>	45.3	105.1
Finance income	8	<b>1.8</b>	2.0	3.9
Finance cost	8	<b>(7.5)</b>	(8.6)	(18.0)
<b>Net finance cost</b>	8	<b>(5.7)</b>	(6.6)	(14.1)
<b>Profit before taxation</b>		<b>44.2</b>	38.7	91.0
Income tax expense	9	<b>(9.3)</b>	(9.3)	(18.4)
<b>Profit for the period attributable to owners of the parent</b>		<b>34.9</b>	29.4	72.6
<b>Earnings per share</b>				
<b>From continuing operations</b>				
Basic earnings per share	11	<b>35.6p</b>	30.2p	74.3p
Diluted earnings per share	11	<b>34.8p</b>	29.5p	72.7p

The accompanying notes form an integral part of this condensed consolidated interim financial information.

**Consolidated statement of comprehensive income for the six months ended 30 September 2011 (unaudited)**

	Note	Six months to 30 Sept 2011 £m	Six months to 30 Sept 2010 £m	Audited Year to 31 March 2011 £m
<b>Profit for the period</b>		<b>34.9</b>	29.4	72.6
<b>Other comprehensive income/(expense)</b>				
Actuarial gain/(loss) on post-employment benefit liabilities	17	<b>38.8</b>	(29.4)	57.9
Cash flow hedges		<b>(1.4)</b>	(3.6)	(2.0)
Net investment hedge		-	-	1.6
Net differences on exchange		<b>1.3</b>	(3.9)	(6.7)
Other comprehensive income/(expense) for the period net of tax		<b>38.7</b>	(36.9)	50.8
<b>Total comprehensive income/(expense) for the period attributable to owners of the parent</b>		<b>73.6</b>	(7.5)	123.4

Items in the statement above are disclosed net of tax.

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Consolidated balance sheet as at 30 September 2011 (unaudited)

	Note	30 Sept 2011 £m	30 Sept 2010 £m	Restated Audited 31 March 2011 £m
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill	15	205.6	61.7	192.0
Other intangible assets	14	47.5	4.1	50.3
Property, plant and equipment	13	49.9	33.2	52.8
Investments in joint ventures		2.1	1.8	1.5
Deferred income tax assets		74.8	153.5	95.0
Derivative financial instruments	4	0.3	0.6	0.2
Other receivables		23.1	23.5	20.1
		<b>403.3</b>	<b>278.4</b>	<b>411.9</b>
<b>Assets of disposal group classified as held for sale</b>				
	6	<b>29.0</b>		
<b>Current assets</b>				
Inventories		1.4	1.4	0.8
Trade and other receivables		431.0	308.7	433.6
Financial assets at fair value	4	46.6	34.2	34.7
Cash and cash equivalents		138.0	350.9	121.5
Derivative financial instruments	4	0.4	1.9	0.2
		<b>617.4</b>	<b>697.1</b>	<b>590.8</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Borrowings	16	(108.2)	(28.2)	(48.4)
Trade and other payables		(495.9)	(414.3)	(521.4)
Derivative financial instruments	4	(1.2)	(0.5)	(0.5)
Current income tax liabilities		(36.2)	(32.0)	(36.2)
Provisions for other liabilities and charges		(3.6)	(1.1)	(6.4)
		<b>(645.1)</b>	<b>(476.1)</b>	<b>(612.9)</b>
<b>Net current (liabilities)/assets</b>		<b>(27.7)</b>	<b>221.0</b>	<b>(22.1)</b>
<b>Non-current liabilities</b>				
Borrowings	16	(3.9)	(101.2)	(4.6)
Provisions for other liabilities and charges		(9.1)	(19.3)	(12.7)
Post-employment benefit liabilities	17	(288.5)	(478.9)	(350.3)
Derivative financial instruments	4	(1.8)	(0.6)	(0.6)
Other non-current liabilities		(4.8)	(6.2)	(5.3)
		<b>(308.1)</b>	<b>(606.2)</b>	<b>(373.5)</b>
<b>Liabilities of disposal group classified as held for sale</b>				
	6	<b>(26.8)</b>		
<b>Net assets/(liabilities)</b>		<b>69.7</b>	<b>(106.8)</b>	<b>16.3</b>
<b>Capital and reserves</b>				
Ordinary shares	18	0.5	0.5	0.5
Share premium account		62.4	62.4	62.4
Merger reserve		8.9	8.9	8.9
Retained loss		(2.1)	(178.6)	(55.5)
<b>Equity shareholders' funds/(deficit)</b>		<b>69.7</b>	<b>(106.8)</b>	<b>16.3</b>

The balance sheet at 31 March 2011 has been restated to reflect the finalisation of the accounting for the acquisition of The PBSJ Corporation.

The accompanying notes form an integral part of this condensed consolidated interim financial information.

**Consolidated statement of cash flows for the six months ended 30 September 2011 (unaudited)**

	Note	Six months to 30 Sept 2011 £m	Six months to 30 Sept 2010 £m	Audited Year to 31 March 2011 £m
<b>Cash flows from operating activities</b>				
Cash generated from operations	19	12.9	10.2	68.5
Interest received		1.8	1.9	3.1
Interest paid		(1.2)	(0.6)	(2.4)
Income tax paid		(1.8)	(8.5)	(12.3)
<b>Net cash generated from operating activities</b>		<b>11.7</b>	<b>3.0</b>	<b>56.9</b>
<b>Cash flows from investing activities</b>				
Acquisition of subsidiaries				
- consideration	12	(14.5)	-	(180.4)
- cash acquired	12	0.9	-	2.8
Loans to joint ventures and other related parties		(3.0)	(2.2)	(5.4)
Deferred consideration payments		-	-	(0.8)
Investment in joint ventures		-	-	(1.3)
Purchases of property, plant and equipment	13	(5.9)	(3.1)	(10.9)
Proceeds from disposals of property, plant and equipment		1.6	1.8	4.5
(Purchases)/disposals of financial assets		(7.4)	(1.8)	0.2
Purchases of intangible assets	14	(1.2)	(1.1)	(5.2)
<b>Net cash used in investing activities</b>		<b>(29.5)</b>	<b>(6.4)</b>	<b>(196.5)</b>
<b>Cash flows from financing activities</b>				
Proceeds of borrowings	16	62.3	121.3	126.3
Repayment of bank loans	16	(5.0)	-	(86.3)
Repayment of short term loans	16	-	(0.7)	(0.7)
Finance lease principal payments	16	(1.1)	(2.7)	(4.1)
Purchase of own shares by Employee Benefit Trusts		(4.0)	(0.8)	(0.8)
Equity dividends paid to shareholders	10	(19.2)	(17.8)	(27.1)
<b>Net cash generated from financing activities</b>		<b>33.0</b>	<b>99.3</b>	<b>7.3</b>
<b>Net increase/(decrease) in cash, cash equivalents and bank overdrafts</b>		<b>15.2</b>	<b>95.9</b>	<b>(132.3)</b>
Cash, cash equivalents and bank overdrafts at beginning of period		121.5	260.3	260.3
Exchange movements		1.3	(5.3)	(6.5)
<b>Cash, cash equivalents and bank overdrafts at end of period</b>		<b>138.0</b>	<b>350.9</b>	<b>121.5</b>

The accompanying notes form an integral part of this condensed consolidated interim financial information.

## Consolidated statement of changes in equity as at 30 September 2011 (unaudited)

	Ordinary shares £m	Share premium account £m	Merger reserve £m	Retained loss £m	Total £m
<b>Balance at 1 April 2011</b>	<b>0.5</b>	<b>62.4</b>	<b>8.9</b>	<b>(55.5)</b>	<b>16.3</b>
<b>Total comprehensive income for the period</b>	-	-	-	<b>73.6</b>	<b>73.6</b>
<b>Dividends</b>	-	-	-	<b>(19.2)</b>	<b>(19.2)</b>
<b>Share-based payments</b>	-	-	-	<b>3.0</b>	<b>3.0</b>
<b>Employee Benefit Trusts</b>	-	-	-	<b>(4.0)</b>	<b>(4.0)</b>
<b>Balance at 30 September 2011</b>	<b>0.5</b>	<b>62.4</b>	<b>8.9</b>	<b>(2.1)</b>	<b>69.7</b>

	Ordinary shares £m	Share premium account £m	Merger reserve £m	Retained loss £m	Total £m
Balance at 1 April 2010	0.5	62.4	8.9	(156.7)	(84.9)
Total comprehensive expense for the period	-	-	-	(7.5)	(7.5)
Dividends	-	-	-	(17.8)	(17.8)
Share-based payments	-	-	-	4.2	4.2
Employee Benefit Trusts	-	-	-	(0.8)	(0.8)
Balance at 30 September 2010	0.5	62.4	8.9	(178.6)	(106.8)

Audited	Ordinary shares £m	Share premium account £m	Merger reserve £m	Retained loss £m	Total £m
Balance at 1 April 2010	0.5	62.4	8.9	(156.7)	(84.9)
Total comprehensive income for the period	-	-	-	123.4	123.4
Dividends	-	-	-	(27.1)	(27.1)
Share-based payments	-	-	-	5.7	5.7
Employee Benefit Trusts	-	-	-	(0.8)	(0.8)
Balance at 31 March 2011	0.5	62.4	8.9	(55.5)	16.3

The merger reserve relates to the issue of shares in respect of previous acquisitions.

The accompanying notes form an integral part of this condensed consolidated interim financial information.

## **Notes to the condensed consolidated interim financial information for the six months ended 30 September 2011 (unaudited)**

### **1. General information**

WS Atkins plc is a public limited company incorporated and domiciled in England with company number 1885586. The Company has its primary listing on the London Stock Exchange.

Copies of this half year report are available from the registered office: Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, England, and may be viewed on the Atkins website [www.atkinsglobal.com](http://www.atkinsglobal.com).

This condensed consolidated interim financial information was approved for issue on 17 November 2011.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2011 were approved by the Board of directors on 15 June 2011 and delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

This condensed consolidated interim financial information has been reviewed by our auditor, but not audited, and its review report is included.

### **2. Basis of preparation**

This condensed consolidated interim financial information for the six months ended 30 September 2011 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, *Interim financial reporting* as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2011, which have been prepared in accordance with IFRSs as adopted by the European Union.

### **3. Accounting policies**

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2011, as described in those annual financial statements.

Taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual profits.

IFRS 9, *Financial instruments*, addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. However, the standard has not yet been endorsed by the EU and the Group has not early adopted it.

### **4. Financial risk management**

#### *Risk factors*

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

#### 4. Financial risk management (continued)

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements at 31 March 2011.

There have been no changes to risk management policies since 31 March 2011.

##### *Liquidity risk*

Compared to the position at 31 March 2011, there have been no material changes in the maturity profile of the Group's non-derivative financial liabilities. The fair value of the Group's borrowings are disclosed in note 16.

##### *Fair value estimation*

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 – The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used by the Group is the mid-market price.
- Level 2 – The fair value of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on estimates. The fair value of certificates of deposit is calculated as the present value of future cash flows, discounted at an appropriate market rate of interest.

Six months to 30 September 2011	Level 1 £m	Level 2 £m	Total £m
<b>Assets</b>			
Derivatives used for hedging	-	0.7	0.7
<b>Marketable securities</b>			
- certificates of deposit	-	14.5	14.5
- floating rate notes	4.8	-	4.8
- fixed interest rate securities	17.1	-	17.1
- short term bank deposits	2.4	-	2.4
- life insurance policies	-	3.3	3.3
<b>Available for sale financial assets</b>			
- debt instruments	-	4.5	4.5
<b>Total assets</b>	<b>24.3</b>	<b>23.0</b>	<b>47.3</b>
<b>Liabilities</b>			
Derivatives used for hedging	-	(3.0)	(3.0)
<b>Total liabilities</b>	<b>-</b>	<b>(3.0)</b>	<b>(3.0)</b>
<hr/>			
Six months to 30 September 2010	Level 1 £m	Level 2 £m	Total £m
<b>Assets</b>			
Derivatives used for hedging	-	2.5	2.5
<b>Marketable securities</b>			
- certificates of deposit	-	9.8	9.8
- floating rate notes	2.0	-	2.0
- fixed interest rate securities	22.4	-	22.4
<b>Total assets</b>	<b>24.4</b>	<b>12.3</b>	<b>36.7</b>
<b>Liabilities</b>			
Derivatives used for hedging	-	(1.1)	(1.1)
<b>Total liabilities</b>	<b>-</b>	<b>(1.1)</b>	<b>(1.1)</b>

#### 4. Financial risk management (continued)

Year ended 31 March 2011	Level 1 £m	Level 2 £m	Total £m
<b>Assets</b>			
Derivatives used for hedging	-	0.4	0.4
Marketable securities			
- certificates of deposit	-	9.8	9.8
- floating rate notes	2.0	-	2.0
- fixed interest rate securities	19.1	-	19.1
- short term bank deposits	1.2	-	1.2
- life insurance policies	-	2.6	2.6
<b>Total assets</b>	<b>22.3</b>	<b>12.8</b>	<b>35.1</b>
<b>Liabilities</b>			
Derivatives used for hedging	-	(1.1)	(1.1)
<b>Total liabilities</b>	<b>-</b>	<b>(1.1)</b>	<b>(1.1)</b>

There have been no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

There have been no changes to the classification of financial assets between level 1 or level 2 at 30 September 2011 or 30 September 2010.

#### 5. Segmental information

The chief operating decision-maker has been identified as the chief executive and the Group finance director. The chief executive and the Group finance director review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The chief executive and the Group finance director assess the performance of the operating segments based on operating profit before interest and tax. Information provided to the chief executive and the Group finance director is measured in a manner consistent with that in the financial statements.

Following the acquisition of The PBSJ Corporation during the prior year, the Group amended its operating segments for management purposes from those reflecting its key markets and service offerings to those reflecting predominantly its key geographical markets. The segments are: UK; North America; Middle East; Asia Pacific and Europe; and Energy. The segmental results for the comparative period of six months to 30 September 2010 have been re-presented in line with these revised segments.

Six months to 30 September 2011	Revenue £m	Operating profit £m	Operating margin %	Share of post-tax profit from joint ventures £m	Total assets £m
<b>UK</b>	<b>420.4</b>	<b>24.6</b>	<b>5.9</b>	<b>0.6</b>	<b>205.7</b>
<b>North America</b>	<b>226.0</b>	<b>11.7</b>	<b>5.2</b>	<b>0.2</b>	<b>195.0</b>
<b>Middle East</b>	<b>78.2</b>	<b>7.8</b>	<b>10.0</b>	<b>-</b>	<b>108.5</b>
<b>Asia Pacific and Europe</b>	<b>78.4</b>	<b>3.9</b>	<b>5.0</b>	<b>-</b>	<b>96.8</b>
<b>Energy</b>	<b>58.2</b>	<b>4.3</b>	<b>7.4</b>	<b>-</b>	<b>38.7</b>
<b>Total for segments</b>	<b>861.2</b>	<b>52.3</b>	<b>6.1</b>	<b>0.8</b>	<b>644.7</b>
<b>Group items:</b>					
<b>Joint ventures reported above</b>	<b>(18.3)</b>	<b>(0.8)</b>		<b>-</b>	
<b>Unallocated central items</b>	<b>-</b>	<b>(2.2)</b>		<b>(0.2)</b>	
<b>Unallocated assets</b>					<b>405.0</b>
<b>Total for Group</b>	<b>842.9</b>	<b>49.3</b>	<b>5.8</b>	<b>0.6</b>	<b>1,049.7</b>

## 5. Segmental information (continued)

Six months to 30 September 2010	Revenue £m	Operating profit £m	Operating margin %	Share of post-tax profit from joint ventures £m	Total assets £m
UK	454.7	30.9	6.8	0.1	193.5
North America	27.5	1.6	5.8	-	25.9
Middle East	70.5	8.1	11.5	-	96.7
Asia Pacific and Europe	73.4	4.0	5.4	-	87.3
Energy	47.7	4.0	8.4	-	24.3
Total for segments	673.8	48.6	7.2	0.1	427.7
Group items:					
Joint ventures reported above	(9.6)	(0.3)		-	
Unallocated central items	-	(3.0)		(0.1)	
Unallocated assets					547.8
Total for Group	664.2	45.3	6.8	-	975.5

Year to 31 March 2011	Revenue £m	Operating profit £m	Operating margin %	Share of post-tax profit/(loss) from joint ventures £m	Restated Total assets £m
UK	926.5	61.4	6.6	0.9	198.4
North America	279.2	13.8	4.9	-	183.3
Middle East	140.9	23.8	16.9	-	101.3
Asia Pacific and Europe	155.3	12.1	7.8	-	89.9
Energy	98.6	8.5	8.6	-	27.5
Total for segments	1,600.5	119.6	7.5	0.9	600.4
Group items:					
Joint ventures reported above	(36.2)	(0.9)		-	
Unallocated central items	-	(11.7)		(2.8)	
Unallocated assets					402.3
Total for Group	1,564.3	107.0	6.8	(1.9)	1,002.7

Unallocated assets consist primarily of goodwill, deferred tax and UK cash and cash equivalents.

Total segment revenue excludes the share of joint venture revenue earned from centrally managed joint ventures of £5.5m (30 September 2010: £4.1m; 31 March 2011: £11.5m).

The £2.2m unallocated central item reported in the six months ended 30 September 2011 represents intangible amortisation relating to the acquisition of The PBSJ Corporation (30 September 2010: £nil; 31 March 2011: £3.7m).

The remaining unallocated central item reported in the year ended 31 March 2011 related to acquisition costs arising on the purchase of The PBSJ Corporation of £8.0m (30 September 2010: £3.0m).

## 5. Segmental information (continued)

Reconciliation of segmental analysis to profit for the period attributable to owners of the parent:

	Six months to 30 Sept 2011 £m	Six months to 30 Sept 2010 £m	Year to 31 March 2011 £m
<b>Operating profit</b>	<b>49.3</b>	45.3	107.0
Share of post-tax profit/(loss) from joint ventures	<b>0.6</b>	-	(1.9)
<b>Profit before interest and tax</b>	<b>49.9</b>	45.3	105.1
Finance income	<b>1.8</b>	2.0	3.9
Finance cost	<b>(7.5)</b>	(8.6)	(18.0)
<b>Net finance cost</b>	<b>(5.7)</b>	(6.6)	(14.1)
<b>Profit before taxation</b>	<b>44.2</b>	38.7	91.0
Income tax expense	<b>(9.3)</b>	(9.3)	(18.4)
<b>Profit for the period attributable to owners of the parent</b>	<b>34.9</b>	29.4	72.6

## 6. Disposal groups

The assets and liabilities relating to the Group's UK Asset Management business (part of the UK segment) have been presented as held for sale following the exchange of contracts on 30 September 2011 forming an agreement to dispose of the business. The transaction is due to complete at the end of November 2011. While the UK Asset Management business' assets and liabilities represent a disposal group, the business is not reported as a discontinued operation at 30 September 2011 as it does not represent a major line of business.

The major classes of assets and liabilities of the UK Asset Management business disposal group are as follows:

	30 Sept 2011 £m
<b>Assets classified as held for sale:</b>	
- intangible assets	<b>0.1</b>
- trade and other receivables	<b>28.9</b>
<b>Total assets of the disposal group</b>	<b>29.0</b>
<b>Liabilities directly associated with assets classified as held for sale:</b>	
- trade and other payables	<b>(20.9)</b>
- current income tax liabilities	<b>(2.3)</b>
- provisions for other liabilities and charges	<b>(3.2)</b>
- other non-current liabilities	<b>(0.4)</b>
<b>Total liabilities of the disposal group</b>	<b>(26.8)</b>
<b>Total net assets of the disposal group</b>	<b>2.2</b>

## 7. Share of post-tax profit/(loss) from joint ventures

	Six months to 30 Sept 2011 £m	Six months to 30 Sept 2010 £m	Year to 31 March 2011 £m
<b>Revenue</b>	<b>23.8</b>	13.7	47.7
Operating expenditure	(22.8)	(13.6)	(49.0)
<b>Operating profit/(loss)</b>	<b>1.0</b>	0.1	(1.3)
Finance cost	(2.7)	(2.8)	(5.5)
Finance income	2.5	2.6	5.0
<b>Profit/(loss) before taxation</b>	<b>0.8</b>	(0.1)	(1.8)
Income tax (expense)/credit	(0.2)	0.1	(0.1)
<b>Share of post-tax profit/(loss) from joint Ventures</b>	<b>0.6</b>	-	(1.9)

## 8. Net finance cost

	Six months to 30 Sept 2011 £m	Six months to 30 Sept 2010 £m	Year to 31 March 2011 £m
Interest payable on borrowings	1.0	-	0.9
Hire purchase and finance leases	0.2	0.4	0.6
Unwinding of discount	0.2	0.3	0.3
Net finance cost on post-employment benefits	5.8	7.7	15.2
Other finance costs	0.3	0.2	1.0
Finance cost	7.5	8.6	18.0
Interest receivable on short term deposits	(0.4)	(0.7)	(0.9)
Interest receivable on loan notes	(1.1)	(0.8)	(2.3)
Income from held-at-fair-value financial assets	(0.3)	(0.4)	(0.5)
Unwinding of discount	-	(0.1)	(0.1)
Other finance income	-	-	(0.1)
Finance income	(1.8)	(2.0)	(3.9)
<b>Net finance cost</b>	<b>5.7</b>	6.6	14.1

## 9. Income taxes

The Group's income tax expense from continuing operations for the six months ended 30 September 2011 is calculated using the estimated average annual effective tax rate on profits of 21.1% (30 September 2010: 24.0%; 31 March 2011: 20.2%). The normalised effective tax rate is calculated on the estimated average annual normalised profits as 22.0% (30 September 2010: 24.0%; 31 March 2011: 21.0%). The effective tax rate on profits is lower than the Group's normalised effective tax rate due to the impact of acquisition intangibles amortisation. The normalised effective tax rate is different from the UK standard corporation tax rate of 26% (30 September 2010: 28% and 31 March 2011: 28%) due to items such as changes in tax rates in the UK, tax rates in foreign jurisdictions, R&D tax credits, non-deductible expenses and release of prior year provisions.

Changes to the UK corporation tax system were announced in the June 2010 and March 2011 Government Budget Statements, including the reduction of the main corporation tax rate from 28% to 23% by 1 April 2014. The reduction in the rate from 28% to 26% from 1 April 2011 and to 25% from 1 April 2012 had been enacted at 30 September 2011 and therefore the impact of these changes has been reflected in the effective tax rate calculations.

The proposed reductions of the main rate of UK corporation tax by 1% per year to 23% by 1 April 2014 are expected to be enacted separately each year. The overall effect of the further changes from 25% to 23%, if these applied to the net deferred tax asset at 30 September 2011, would be to reduce the net deferred tax asset by approximately £6.8m (being £3.4m recognised by 30 September 2012 and £3.4m recognised by 30 September 2013).

## 10. Dividends

	Six months to 30 Sept 2011 £m	Six months to 30 Sept 2010 £m	Year to 31 March 2011 £m
Final dividend paid for year ended 31 March 2011 (2010)	19.2	17.8	17.8
Interim dividend paid for period ended 30 September 2010	-	-	9.3
Dividends recognised in the period	19.2	17.8	27.1
Interim dividend declared for period ended 30 Sept 2011 (2010)	9.5	9.3	9.3
Final dividend paid for year ended 31 March 2011	-	-	19.1
Dividends relating to the period	9.5	9.3	28.4

  

	Six months to 30 Sept 2011 pence	Six months to 30 Sept 2010 pence	Year to 31 March 2011 pence
Final dividend paid for year ended 31 March 2011 (2010)	19.50	18.25	18.25
Interim dividend paid for period ended 30 September 2010	-	-	9.50
Dividends recognised in the period	19.50	18.25	27.75
Interim dividend declared for period ended 30 Sept 2011 (2010)	9.75	9.50	9.50
Final dividend paid for year ended 31 March 2011	-	-	19.50
Dividends relating to the period	9.75	9.50	29.00

## 11. Earnings per share (EPS)

Basic EPS is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares in issue during the period, excluding shares held by the Employee Benefit Trusts (EBTs), which have not unconditionally vested in the employees, and shares held in treasury.

Diluted EPS is the basic EPS after allowing for the dilutive effect of the conversion into ordinary shares of the number of options outstanding during the period. The options relate to discretionary employee share plans.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below:

	Six months to 30 Sept 2011 number ('000)	Six months to 30 Sept 2010 number ('000)	Year to 31 March 2011 number ('000)
<b>Number of shares</b>			
Weighted average number of shares used in basic and normalised basic EPS	98,133	97,468	97,667
Effect of dilutive securities - share options	2,067	2,101	2,257
Weighted average number of shares used in diluted and normalised diluted EPS	100,200	99,569	99,924
	£m	£m	£m
<b>Earnings – continuing operations</b>			
Profit for the period attributable to owners of the parent	34.9	29.4	72.6
Amortisation of intangibles from acquisition (net of tax)	1.4	-	2.3
Normalised earnings	36.3	29.4	74.9

## 11. Earnings per share (EPS) (continued)

	Six months to 30 Sept 2011 pence	Six months to 30 Sept 2010 pence	Year to 31 March 2011 pence
<b>From continuing operations</b>			
Basic earnings per share	35.6	30.2	74.3
Diluted earnings per share	34.8	29.5	72.7
Normalised basic earnings per share	37.0	30.2	76.7
Normalised diluted earnings per share	36.2	29.5	75.0

## 12. Business combinations

On 3 June 2011, the Group acquired the oil and gas business of Pöyry plc. The acquisition included the integration of 130 staff across three locations: Aberdeen, Stavanger (Norway) and Perth (Australia).

The transaction included purchasing the entire share capital of Pöyry Pty Ltd (Perth, Australia), Pöyry Energy (Aberdeen) Ltd (Aberdeen, UK) and Pöyry Energy AS (Stavanger, Norway), (together the Pöyry companies).

The acquisition expands the Group's service offering in the oil and gas sector and provides a platform from which to grow in the world's major oil and gas centres. In particular, the acquisition provides increased access to significant gas developments and the liquefied natural gas market in Western Australia.

This initial accounting for this business combination has been determined provisionally and the Group has therefore accounted for the combination using provisional values. Adjustments to these provisional values will be made within one year of the date of acquisition relating to facts and circumstances that existed at the acquisition date.

The goodwill of £11.7m arising from the acquisition is attributable to the extensive complementary skills which enable the combined operation to provide an enhanced offering to clients and extend the reach to new markets of Australia and Norway. None of the goodwill recognised is expected to be deductible for income tax purposes.

Total consideration was made up as follows:

	£m
Cash	15.0
Completion working capital deduction	(0.5)
<b>Total consideration</b>	<b>14.5</b>

Provisional fair value amounts recognised as of the acquisition date for each major class of assets and liabilities assumed are as follows:

	£m
Cash	0.9
Property, plant and equipment	0.4
Intangible assets	0.1
Trade and other receivables	4.3
Trade and other payables	(3.3)
Deferred tax assets	0.4
<b>Total identifiable net assets</b>	<b>2.8</b>
<b>Goodwill</b>	<b>11.7</b>
	<b>14.5</b>

The fair value of trade and other receivables is £4.3m and includes trade receivables of £2.8m. The gross contractual amount for trade receivables due is £3.0m, £0.2m of which is expected to be uncollectible.

## 12. Business combinations (continued)

There were no contingent liabilities as at the date of acquisition.

The revenue included in the Group's Consolidated statement of comprehensive income since 3 June 2011 contributed by the Pöyry companies was £6.0m. The Pöyry companies also contributed £0.7m profit before tax.

Had the Pöyry companies been consolidated from 1 April 2011, the Group's Consolidated statement of comprehensive income would show revenue of £845.5m and a negligible increase in profit before tax.

During the prior year the Group made several acquisitions. The initial accounting for these at 31 March 2011 had been determined provisionally. Adjustments to these provisional values have been made in respect of The PBSJ Corporation (acquisition date 1 October 2010) and are able to be made in respect of Gimsing & Madsen (acquisition date 4 November 2010) and Technical Services Scotland (acquisition date 11 March 2011) within one year from the date of acquisition relating to facts and circumstances that existed at the acquisition date. As at 30 September 2011 the acquisition accounting for these latter two acquisitions had not been finalised and any future amendments to these values will be disclosed in the financial statements at 31 March 2012.

As a result of the finalisation of the accounting for the acquisition of The PBSJ Corporation, goodwill recognised on the transaction was amended from its provisional calculation. The finalised position is given below.

Total consideration was made up as follows:

	\$m	£m
Cash	280.0	177.3
Employee shareholder loans forgiven	4.0	2.5
<b>Total consideration</b>	<b>284.0</b>	<b>179.8</b>

Final fair value amounts recognised as of the acquisition date for each major class of assets and liabilities assumed are as follows:

	\$m	£m
Cash	3.6	2.3
Property, plant and equipment	40.7	25.7
Intangible assets	74.4	47.1
Financial assets	17.2	10.9
Trade and other receivables	178.5	113.0
Trade and other payables	(196.0)	(124.0)
Borrowings	(12.3)	(7.8)
Deferred tax liabilities	(26.6)	(16.9)
<b>Total identifiable net assets</b>	<b>79.5</b>	<b>50.3</b>
<b>Goodwill</b>	<b>204.5</b>	<b>129.5</b>
	<b>284.0</b>	<b>179.8</b>

## 13. Property, plant and equipment

Additions to property, plant and equipment during the six months ended 30 September 2011 amounted to £6.0m (30 September 2010: £3.2m; 31 March 2011: £11.0m). The Group acquired £0.4m of property, plant and equipment through the acquisition of subsidiary undertakings (30 September 2010: £nil; 31 March 2011: £23.7m). The net book value of property, plant and equipment disclosed at 30 September 2011 amounted to £49.9m (30 September 2010: £33.2m; 31 March 2011: £52.8m). The net book value of disposals during the six months ended 30 September 2011 amounted to £1.6m (30 September 2010: £1.6m; 31 March 2011: £4.5m). The Group had £5.7m of capital expenditure contracted for but not incurred at 30 September 2011 (30 September 2010: £0.3m; 31 March 2011: £4.3m).

#### 14. Other intangible assets

Additions to intangibles during the six months ended 30 September 2011 amounted to £1.2m (30 September 2010: £1.3m; 31 March 2011: £5.2m). During the six months ended 30 September 2011 the Group acquired £0.1m of intangibles through the acquisition of subsidiary undertakings (30 September 2010: £nil; 31 March 2011: £49.4m). The net book value of intangibles disclosed at 30 September 2011 amounted to £47.5m (30 September 2010: £4.1m; 31 March 2011: £50.3m). The net book value of disposals during the six months ended 30 September 2011 amounted to £0.1m (30 September 2010: £nil; 31 March 2011: £0.2m).

#### 15. Goodwill

	Six months to 30 Sept 2011 £m	Six months to 30 Sept 2010 £m	Restated Year to 31 March 2011 £m
At beginning of period	192.0	62.1	62.1
Acquisition of subsidiaries (note 12)	11.7	-	131.8
Exchange differences	1.9	(0.4)	(1.9)
At end of period	205.6	61.7	192.0

Goodwill at 31 March 2011 has been restated by £3.1m to reflect the finalisation of the accounting for the acquisition of The PBSJ Corporation (note 12).

#### 16. Borrowings

	30 Sept 2011 £m	30 Sept 2010 £m	31 March 2011 £m
<b>Current</b>			
Bank loans	106.4	25.5	46.3
Hire purchase and finance leases	1.8	2.7	2.1
	108.2	28.2	48.4
<b>Non-current</b>			
Bank loans	-	95.8	-
Hire purchase and finance leases	3.9	5.4	4.6
	3.9	101.2	4.6

Movements in borrowings are analysed as follows:

	Six months to 30 Sept 2011 £m	Six months to 30 Sept 2010 £m	Year to 31 March 2011 £m
At beginning of period	53.0	11.4	11.4
Bank facility drawn down	62.3	121.3	126.3
Additions to finance leases	0.1	0.1	0.1
Repayment of loan notes	-	(0.7)	(0.7)
Repayment of borrowings	(5.0)	-	(86.3)
Repayment of finance leases	(1.1)	(2.7)	(4.1)
Acquisition of subsidiaries	-	-	7.8
Difference on exchange	2.8	-	(1.5)
At end of period	112.1	129.4	53.0

## 16. Borrowings (continued)

The Group has the following undrawn committed borrowing facilities available expiring as follows:

	30 Sept 2011	30 Sept 2010	31 March 2011
	£m	£m	£m
Between two and five years	30.1	17.3	88.8

## 17. Post-employment benefit liabilities

	30 Sept 2011	30 Sept 2010	31 March 2011
	£m	£m	£m
Retirement benefit liabilities	275.1	468.3	337.8
Other post-employment benefit liabilities	13.4	10.6	12.5
	288.5	478.9	350.3

### a) Retirement benefit liabilities

The Group operates both defined benefit and defined contribution pension schemes. The two main defined benefit schemes are the Atkins Pension Plan and the Railways Pension Scheme, both of which are funded final salary schemes. The assets of both schemes are held in separate trustee administered funds. Other pension schemes include the Atkins McCarthy Pension Scheme in the Republic of Ireland, which is a final salary funded defined benefit scheme, and a range of defined contribution schemes or equivalent.

On 6 June 2011 Atkins Limited, the Group's principal UK trading company commenced a consultation programme with employees who are members of the Atkins Pension Plan relating to a proposal to remove the link between individual employee's accrued pension and future increases in salary. Following the completion of the consultation process on 30 September 2011 the decision to remove the link has been made and will be effective from 1 February 2012.

In addition, primarily to reduce further the future volatility of any deficit, Atkins Limited is undertaking an enhanced transfer value (ETV) exercise for deferred members of the Plan. Atkins Limited is also exploring the potential to undertake a pension increase exchange (PIE) for pensioners.

In the previous year, on 8 July 2010 the UK Government announced that private sector pension schemes should be able to link inflationary pension increases to the Consumer Price Index (CPI) rather than the Retail Price Index (RPI). For the Railways Pension Scheme, the rules of the scheme imply that the move from RPI to CPI would impact the increases granted to pensions in payment and to increases granted to deferred pensions, and calculations for the Railways Pension Scheme are therefore based on a CPI-based inflation assumption. The effect of this change in the year ended 31 March 2011 was to reduce the liabilities by £27m. The Atkins Pension Plan continues to apply RPI for the purpose of indexation.

The defined benefit section of the Atkins McCarthy Pension Scheme is closed to future accrual of benefits for members who do not enjoy a statutory or contractual right to a final salary pension. These members transferred to the Personal Retirement Savings Accounts – Ireland (PRSA – Irish Life) scheme.

The Atkins Pension Plan is also closed to the future accrual of benefit; all defined benefit members of the Atkins Pension Plan were transferred to a defined contribution section for future service where it was clear they did not enjoy a statutory or contractual right to a final salary pension. Although the service accrual under the defined benefit section ceased for the members transferred, the link to final salary remains whilst employed by Atkins Limited until the effective date of its removal as discussed above.

The defined benefit sections of all pension schemes are closed to new entrants, who are now offered membership of the defined contribution section.

## 17. Post-employment benefit liabilities (continued)

The main assumptions used for the IAS 19 valuation of the retirement benefit liabilities for the Atkins Pension Plan and the Railways Pension Scheme are listed in the table below:

	30 Sept 2011	30 Sept 2010	31 March 2011
Price inflation			
Retail Price Inflation (RPI)	3.20%	3.30%	3.60%
Consumer Price Inflation (CPI)	2.20%	n/a	2.60%
Rate of increase of pensions in payment			
Limited Price Indexation (RPI-based)	3.20%	3.30%	3.60%
Limited Price Indexation (CPI-based)	2.20%	n/a	2.60%
Limited Price Indexation to 2.5%	2.50%	2.50%	2.50%
Fixed	5.00%	5.00%	5.00%
Rate of increase in salaries			
Atkins Pension Plan	4.70%	4.80%	5.10%
Railways Pension Scheme (Uncapped)	5.45%	5.55%	5.85%
Railways Pension Scheme (Capped)	3.20%	3.30%	3.60%
Rate of increase for deferred pensioners			
Atkins Pension Plan	3.20%	3.30%	3.60%
Railways Pension Scheme	2.20%	3.30%	2.60%
Discount rate	5.50%	5.10%	5.60%
Expected rate of return on plan assets	6.60%	6.50%	6.60%
Expected rate of social security increases	3.20%	3.30%	3.60%
Longevity at age 65 for current pensioners			
Men	23.5 years	22.4 years	23.5 years
Women	25.5 years	24.8 years	25.5 years
Longevity at age 65 for future pensioners (current age 45)			
Men	25.9 years	24.3 years	25.9 years
Women	27.8 years	26.7 years	27.8 years

The components of the defined benefit pension cost are as follows:

	Six months to 30 Sept 2011 £m	Six months to 30 Sept 2010 £m	Year to 31 March 2011 £m
<b>Cost of sales</b>			
Current service cost	1.8	3.5	5.7
Total charge	1.8	3.5	5.7
<b>Finance cost/(income)</b>			
Finance cost	35.3	35.9	72.0
Expected return on plan assets	(29.8)	(28.5)	(57.3)
Net finance cost	5.5	7.4	14.7
<b>Total charge to income statement for defined benefit schemes</b>	<b>7.3</b>	<b>10.9</b>	<b>20.4</b>
<b>Statement of comprehensive income</b>			
Gain/(loss) on pension scheme assets	8.8	(13.9)	(2.5)
Changes in assumptions	45.6	(22.5)	88.2
Actuarial gain/(loss)	54.4	(36.4)	85.7
Deferred tax (charged)/credited to equity	(15.6)	7.0	(27.8)
Actuarial gain/(loss) (net of deferred tax)	38.8	(29.4)	57.9

## 17. Post-employment benefit liabilities (continued)

Retirement benefit liabilities comprise the following:

	<b>30 Sept 2011 £m</b>	30 Sept 2010 £m	31 March 2011 £m
Defined benefit obligation	<b>(1,254.7)</b>	(1,371.1)	(1,282.1)
Fair value of plan assets	<b>979.6</b>	902.8	944.3
<b>Retirement benefit liabilities</b>	<b>(275.1)</b>	(468.3)	(337.8)
Deferred tax on retirement benefit liabilities	<b>68.8</b>	126.2	88.5
<b>Post-tax retirement benefit liabilities</b>	<b>(206.3)</b>	(342.1)	(249.3)

Under the Atkins Pension Plan there are retirement benefit liabilities of £234.7m (30 September 2010: £379.0m; 31 March 2011: £294.8m) representing £173.7m after deferred tax (30 September 2010: £276.7m; 31 March 2011: £218.2m).

Under the Railways Pension Scheme there are retirement benefit liabilities of £40.1m (30 September 2010: £87.7m; 31 March 2011: £42.6m) representing £29.7m after deferred tax (30 September 2010: £64.0m; 31 March 2011: £31.5m).

Under other defined benefit schemes there are retirement benefit liabilities of £0.3m (30 September 2010: £1.6m; 31 March 2011: £0.4m).

Movements in the retirement benefit liabilities are as follows:

	<b>Six months to 30 Sept 2011 £m</b>	Six months to 30 Sept 2010 £m	Year to 31 March 2011 £m
Retirement benefit liabilities at beginning of period	<b>(337.8)</b>	(440.0)	(440.0)
Service cost	<b>(1.8)</b>	(3.5)	(5.7)
Net finance cost	<b>(5.5)</b>	(7.4)	(14.7)
Contributions	<b>15.6</b>	18.9	36.8
Actuarial gain/(loss)	<b>54.4</b>	(36.4)	85.7
Difference on exchange	<b>-</b>	0.1	0.1
Retirement benefit liabilities at end of period	<b>(275.1)</b>	(468.3)	(337.8)

The approximate effect on the liabilities from changes in the main assumptions used to value the liabilities are as follows:

	Change in assumption	Effect on plan liabilities	
		Atkins Pension Plan	Railways Pension Scheme
Discount rate	increase/decrease 0.5%	decrease/increase 10.0%	decrease/increase 9.0%
Inflation	increase/decrease 0.5%	increase/decrease 7.0%	increase/decrease 9.0%
Real rate of increase in salaries	increase/decrease 0.5%	increase/decrease 2.0%	increase/decrease 3.0%
Longevity	increase 1 year	increase 3.0%	increase 2.0%

The effect of the change in inflation on the liabilities assumes a corresponding change in salary increases and inflation-related pension increases.

## 17. Post-employment benefit liabilities (continued)

### b) Other post-employment benefit liabilities

The Group operates unfunded schemes within certain of its non-UK businesses including gratuity schemes, Key Employee Supplemental Option Plans (KESOP) and post-retirement medical benefit schemes.

Members of the gratuity schemes are entitled to receive a cash gratuity on leaving the business which is dependent on their length of employment and final salary. Valuation of the gratuity obligation is carried out in line with the principles of IAS 19, *Employee Benefits*. The comparative figures shown for the six months ended 30 September 2010 relate only to this scheme.

As a result of the acquisition of The PBSJ Corporation on 1 October 2010, the Group operates a KESOP plan providing key officers and employees with post-retirement benefits, known as the Supplemental Income Programme (SIP). The SIP is an unfunded plan that provides participants with retirement income for a specified period of between 5 and 15 years upon retirement, death or disability. The plan fixes a minimum level for retirement benefits to be paid to participants based on the participant's position at the company, their age and service at retirement. Additionally, certain executive agreements have been amended to provide post-retirement medical benefits to those employees and their spouses, at a level substantially similar to those medical and hospitalisation benefits paid and provided to senior executives currently employed by the company. The insurance benefits will be provided without any further or additional services from the employee to the company as they will be paid for and provided for as long as the employee and their spouse shall live.

	Six months to 30 Sept 2011 £m	Six months to 30 Sept 2010 £m	Year to 31 March 2011 £m
Other post-employment obligation at beginning of period	12.5	10.5	10.5
Acquired post-employment obligation	-	-	3.2
Service cost and other comprehensive income	1.6	1.4	2.3
Interest cost	0.3	0.3	0.5
Benefit payments	(1.3)	(1.2)	(3.2)
Difference on exchange	0.3	(0.4)	(0.8)
Other post-employment obligation at end of period	13.4	10.6	12.5

The main assumptions used for the IAS 19 valuation of other post-employment benefits are listed in the table below:

	30 Sept 2011	30 Sept 2010	31 March 2011
<b>Gratuity scheme</b>			
Discount rate	5.00%	5.00%	5.00%
Salary inflation	3.00%	3.00%	3.00%
Average remaining service period	2 years	2 years	2 years
<b>KESOP scheme</b>			
Discount rate	2.85%	n/a	2.95%
<b>Medical plan</b>			
Discount rate	4.60%	n/a	5.25%
Healthcare cost trend rate for next year	8.00%	n/a	8.00%
Rate of decline of cost trend rate	5.00%	n/a	5.00%
Year that rate reaches ultimate trend rate	2017	n/a	2017

## 18. Ordinary shares

	<b>30 Sept 2011</b>	30 Sept 2010	31 March 2011
	<b>£m</b>	£m	£m
<b>Authorised ordinary shares of 0.5p each</b>			
At beginning of period	n/a	0.9	0.9
At end of period	n/a	n/a	n/a
<b>Issued, allocated and fully paid ordinary shares of 0.5p each</b>			
At beginning of period	<b>0.5</b>	0.5	0.5
At end of period	<b>0.5</b>	0.5	0.5

On 9 September 2010 the Company passed a resolution adopting new articles of association. From 1 October 2009, the Companies Act 2006 abolished the requirement for a company to have an authorised share capital and hence the Company's new articles of association do not include an authorised share capital.

The number of issued, allotted and fully paid up ordinary shares at 30 September 2011 is 104,451,799 (30 September 2010: 104,451,799; 31 March 2011: 104,451,799).

At the AGM held on Thursday 8 September 2011, shareholder authority for the Company to purchase up to a maximum of 10,011,000 of its own shares (representing approximately 10% of the issued share capital of the Company on 15 June 2011) was renewed. During the six months to 30 September 2011 no shares were purchased (30 September 2010: none; 31 March 2011: none).

At 30 September 2011 a total of 4,341,000 ordinary shares of 0.5p each were held as treasury shares (30 September 2010: 4,341,000; 31 March 2011: 4,341,000). These shares, which represent approximately 4.2% of the called up share capital of the Company (30 September 2010: 4.2%; 31 March 2011: 4.2%) have not been cancelled and represent a deduction from shareholders' equity.

No further shares have been purchased between 30 September 2011 and the date of this condensed consolidated interim financial information.

## 19. Cash generated from continuing operations

	<b>Six months to 30 Sept 2011</b>	Six months to 30 Sept 2010	Year to 31 March 2011
	<b>£m</b>	£m	£m
Profit for the period from continuing operations	<b>34.9</b>	29.4	72.6
Adjustments for:			
Income tax	<b>9.3</b>	9.3	18.4
Finance income (note 8)	<b>(1.8)</b>	(2.0)	(3.9)
Finance cost (note 8)	<b>7.5</b>	8.6	18.0
Share of post-tax (profit)/loss from joint ventures (note 7)	<b>(0.6)</b>	-	1.9
Other non-cash costs	<b>2.5</b>	0.2	5.1
Depreciation charges	<b>8.1</b>	7.2	15.9
Amortisation of intangible assets	<b>4.7</b>	1.8	8.3
Release of deferred income	<b>(0.1)</b>	(0.1)	(0.3)
Share based payment charge	<b>3.0</b>	4.2	5.7
(Profit)/loss on disposal of property, plant and equipment	<b>-</b>	(0.2)	0.2
Movement in provisions	<b>(3.3)</b>	(2.3)	(3.8)
Movement in post-employment benefits	<b>(14.0)</b>	(16.0)	(31.9)
Movement in working capital	<b>(37.3)</b>	(29.9)	(37.7)
<b>Cash generated from continuing operations</b>	<b>12.9</b>	10.2	68.5

## **20. Contingent liabilities**

The Group has given indemnities in respect of performance and contractual related bonds as well as letters of credit issued on its behalf. The amount outstanding at 30 September 2011 includes £6.7m in respect of Connect Plus (M25) letters of credit (30 September 2010: £11.4m; 31 March 2011: £8.3m) and £6.8m in respect of Atkins North America letters of credit (30 September 2010: £nil; 31 March 2011: £6.6m).

During the prior year the Group acquired The PBSJ Corporation (PBSJ). Prior to the acquisition, the Audit Committee of the Board of directors of PBSJ undertook an internal investigation to determine whether any laws, including the Foreign Corrupt Practices Act (FCPA), had been violated in connection with certain projects undertaken by PBS&J International, Inc. (one of PBSJ's subsidiary undertakings). The investigation suggested that FCPA violations may have occurred but did not extend beyond the International operation and that none of PBSJ's executive management were involved in criminal conduct. PBSJ voluntarily disclosed this matter to the Department of Justice and to the SEC and is cooperating fully with their review. The FCPA provides for penalties, criminal and civil sanctions and other remedies. Both at the date of acquisition and subsequently at 31 March 2011 and 30 September 2011, management was unable to estimate the potential penalties that may be imposed and therefore no provision had been made at the date of acquisition, at 31 March 2011 or 30 September 2011. It was not considered possible to determine an accurate estimate of the fees and penalties imposed as they are not formula driven or in any way the result of a predefined calculation. The Group does not have an estimate of when this will be resolved but it is considered unlikely to be within the current financial year.

Group companies are from time to time involved in claims and litigation. The Group carries significant Professional Indemnity insurance cover for such claims.

## **21. Related party transactions**

Details of the directors' shareholdings, share options and remuneration are disclosed in the 31 March 2011 financial statements. It is not considered meaningful to disclose this information at the half year.

Transactions with the retirement benefit schemes are disclosed in note 17.

The Group entered into a number of transactions in the normal course of business with its joint ventures during the period.

## **22. Seasonality**

The Group's activities are not subject to significant seasonal variation.

## **Independent review report to WS Atkins plc**

### **Introduction**

We have been engaged by the Company to review the condensed consolidated interim financial information in the half-year financial report for the six months ended 30 September 2011, which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of cash flows, consolidated statement of changes in equity and related notes. We have read the other information contained in the half-year financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial information.

### **Directors' responsibilities**

The half-year financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-year financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated interim financial information included in this half-year 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 consolidated financial information in the half-year financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the 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 (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information in the half-year financial report for the six months ended 30 September 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.

PricewaterhouseCoopers LLP  
Chartered Accountants  
London  
17 November 2011