ATKINS

Interim Report 2004

plan, design, enable

Atkins is a leading provider of professional services. We are the largest engineering consultancy in the UK, the largest multi-disciplinary consultancy in Europe and the seventh largest design firm in the world.

Our work is focused on the efficient operation of our clients' capital programmes.

We plan all aspects of our clients' projects, conducting studies covering technical, logistical, legal, environmental and financial considerations.

We design optimal systems, processes, buildings and civil structures. We develop cutting edge solutions and combine them with tried and tested technologies.

We enable complex programmes, delivering one-off projects and managing ongoing processes to reduce timescales, cost and disruption, allowing our clients to focus on their core operations.

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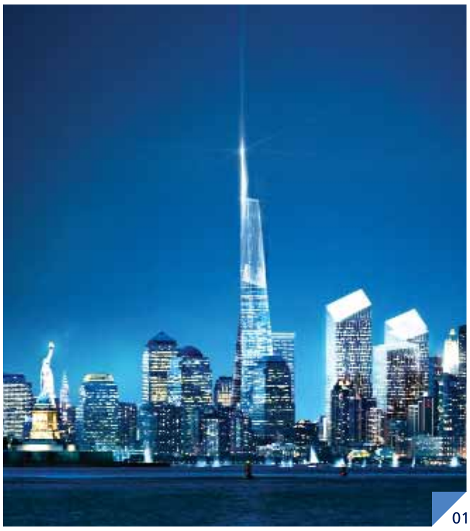
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01 World Trade Centre, New York
Hanscomb Faithful & Gould is providing cost management services to the Lower Manhattan Development Corporation for its redevelopment of the World Trade Centre in New York.

02 Pedestrian footbridge, Glasgow
We are managing Glasgow's new pedestrian bridge project and providing support architecture, civil and structural engineering, landscape design and planning services.

03 Pendolino train on West Coast mainline
Atkins provided essential technical assessment of the safety case for the new fleet of tilting Pendolino trains, now being operated at 125 mph by Virgin on the West Coast Main Line.

04 Trafalgar Square
The world class redesign of Trafalgar Square involved Atkins experts in landscaping, heritage, transport planning, highways, and structural and mechanical engineering.

05 Lower Lea Valley, London – Olympic preparations
Faithful & Gould, our cost consultancy, is part of the consortium creating the regeneration masterplan of the 1,500 acre Lower Lea Valley for London's 2012 Olympics bid.

Financial summary

	Six months to 30 Sept 2004	Six months to 30 Sept 2003[3]	Year to 31 March 2004
Turnover on continuing operations excluding share of Joint Ventures	**£463.4m**	£462.0m	£950.4m
Turnover from continuing Joint Ventures	**£80.8m**	£52.4m	£189.3m
Trading operating margin on continuing operations	**5.8%**	4.5%	4.9%
Adjusted profit on ordinary activities before tax [1]	**£34.0m**	£23.8m	£56.2m
Profit on ordinary activities before taxation	**£26.6m**	£17.8m	£62.0m
Basic EPS	**17.2p**	10.8p	38.8p
Adjusted basic EPS [1]	**23.5p**	17.6p	39.9p
Dividend	**4.0p**	2.0p	9.0p
Cashflow from operations	**£22.9m**	£10.2m	£94.4m
Net cash/(debt) [2]	**£76.4m**	£(26.1)m	£68.4m

(1) Adjusted profit before tax, which the Directors consider is a fairer reflection of the ongoing performance of the Group, is defined as profit before the Colchester Garrison dilution gain, amortisation of pension fund deficit, amortisation of goodwill, exceptional items and Employee Benefit Trusts. This includes share of Joint Ventures profit before tax of £7.3m (2003:£9.1m).
(2) Net cash/(debt) excludes cash held by the Employee Benefit Trusts and cash held on behalf of sub-contractors.
(3) 2003 figures have been restated for UITF38 (Accounting for ESOP Trusts) and UITF17, as amended (Employee Share Schemes).

Following on from recent progress we expect to continue with our strategy of being selective in our approach to new contracts and migrating to higher margin activities. The state of our order book and our quicker than expected improvement in margins gives us confidence for the rest of the year.

Whilst overall turnover growth is expected to be modest next year, the prospects in all our core markets are good, especially in the UK where the Government has committed to major investment to improve public sector infrastructure. Pursuing the focus on our core competencies of planning, designing and enabling clients' capital programmes will ensure we are well placed to respond to an increasing range of opportunities.

I leave the Group in the hands of a strong Board and an excellent management team and I am confident that it will continue to make further good progress in the years to come.

Michael Jeffries
Chairman

Chairman's statement

Overview
In my last statement as Chairman, I am pleased to report that the Group is continuing to make excellent progress. Our sustained focus on our core businesses and obtaining higher margins has produced good first half results. As expected, turnover on continuing operations was similar to last year as we have continued the migration to higher margin businesses whilst also investing for sustainable profit growth.

Adjusted profit before tax for the half year to 30 September 2004 was £34.0m, an increase of £10.2m (43%) compared with the same period last year and an increase of £14.6m (75%) on continuing operations. The Group's order book is strong at c.£1.8bn with c.90% of this year's budgeted turnover secured at 30 September 2004.

Our cash position underlines the quality of the results. Cash inflow from operations in the first half of the year was £22.9m (2003: £10.2m) and net cash at 30 September 2004 was £76.4m compared with £68.4m at 31 March 2004 and net debt of £26.1m at 30 September 2003.

Operational performance
All our business segments have shown improvement in the first half of the year compared with last year. As expected, our more selective approach to new contracts has resulted in turnover in each segment remaining largely stable with increased efficiency driving higher margins across the board.

We continue to hold a strong market position in our core businesses. The Group will benefit from ongoing investment in public sector capital projects in the UK, opportunities arising from public sector reform and modernisation, capital investment programmes within the private sector and continued infrastructure investment in our target overseas markets. Delays in planned capital spend for both Network Rail and the Highways Agency present short term challenges but we are confident of the medium and long term opportunities.

The Public Private Partnership between London Underground and Metronet has now been in operation for 18 months. The start up of the capital programme has faced many of the issues that could be expected from a project of this magnitude and the resultant delays have impacted the profit in our supply chain.

People
The ability to attract and retain high calibre staff is key to our future growth. Accordingly the last half year has seen significant investment in targeted training and recruitment to enhance our skill base and further improve our performance.

Our people have an unrivalled breadth and depth of capabilities and I would like to congratulate them on their contribution to the achievements of the Group in the first half of the year.

Board
Ed Wallis, former Chairman and Chief Executive of Powergen plc, joined the Board as a non-executive director and Chairman designate on 8 September 2004. He will take up the post of Chairman on 1 January 2005.

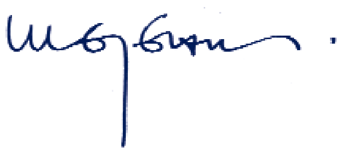
After almost 30 years with the Group, I will be retiring from the Board on 1 January 2005. I should like to extend my thanks to those friends and colleagues with whom I have worked in my time with the Group.

Dividend
Demonstrating the confidence the Board has in the future, an interim dividend doubled from 2p to 4p per share will be paid on 28 January 2005 to shareholders on the register on 31 December 2004.

Outlook
Following on from recent progress we expect to continue with our strategy of being selective in our approach to new contracts and migrating to higher margin activities. The state of our order book and our quicker than expected improvement in margins gives us confidence for the rest of the year.

Whilst overall turnover growth is expected to be modest next year, the prospects in all our core markets are good, especially in the UK where the Government has committed to major investment to improve public sector infrastructure. Pursuing the focus on our core competencies of planning, designing and enabling clients' capital programmes will ensure we are well placed to respond to an increasing range of opportunities.

I leave the Group in the hands of a strong Board and an excellent management team and I am confident that it will continue to make further good progress in the years to come.



Michael Jeffries
Chairman
1 December 2004

Chief Executive's review

Transport

Atkins is the largest consultant engineer in both the UK rail and roads markets.

	Six months to 30 September 2004 £m	Six months to 30 September 2003 £m
Turnover (excl Joint Ventures)	**204.7**	194.9
Trading operating profit	**12.2**	11.3
Trading operating margin	**6.0%**	5.8%
Joint venture profit before tax	**0.3**	0.2

Trading operating profit has increased by £0.9m compared with the same period last year on turnover which has increased by £9.8m.

Rail

The first half of the year has seen continued work on the upgrade of the West Coast Main Line including our contribution to works in the Manchester South and Rugby areas where we designed, installed and tested new signalling systems. A major asset management system was successfully installed for the Norwegian rail authorities and demand for our services from Railnet Denmark remained at high levels.

Our work on the upgrade and refurbishment of London's underground system is increasing albeit with a slower start than anticipated. Approval was granted for the initial designs, and authority to commence capital works was given, for the first set of stations being upgraded on the London Underground as part of the Metronet Public Private Partnership (PPP). The investment programme is unprecedented in scale and, following several decades of underinvestment, early progress on station upgrades has inevitably tested the design approval processes.

Our Rail business occupies a leading market position covering the major railway engineering disciplines. It is currently the largest UK consultant engineer in the rail sector and the second largest in the world. Our main markets are in the UK and Scandinavia. There is currently a reduced level of activity within the UK sector but the future planned spend indicates that there will be many opportunities for further growth.

Network Rail has responded to the Office of Rail Regulation five year £22bn funding plan with a major reorganisation and revised commercial approach designed to introduce greater control and efficiency of spending on the railways. Our role lies in helping the major client meet the cost reduction challenges laid down by the Regulator. Our international design centres have already helped meet the resource demands in a cost effective manner. The Government's endorsement of the spending plan confirmed their commitment to mass transport.

In Denmark, the three year transition to a fully open and competitive market for railway engineering consultancy services will be complete by the end of 2004. In anticipation of this, and to take advantage of the new environment, we have focused on improving competitiveness and project delivery skills in addition to maintaining our established technical leadership.

China is a key growth sector where we have invested in the development of a technical resource centre in rail signalling in Beijing which serves both to target the China market and also provide a source of technical expertise for our UK business.

During the first half of the year Rail has maintained a good performance and continues to focus upon investing in productivity and technology improvements to meet our clients' demands. We are enhancing our skills and retaining our resources to position the Group for the anticipated growth in the market after the current slow down.

Highways & Transportation (H&T)

H&T is the largest UK consultant engineer in the roads sector with a 15% market share of the £1bn per annum total market.

During the first half of the year our partnership with the Welsh Assembly Government has been extended and we now develop and manage telecommunications and intelligent transport services on motorways and major trunk roads throughout Wales. We are assisting the Highways Agency with the planning, design and management of implementation of five of the seven new Regional Control Centres and we have also taken a major role in developing Traffic Control Centres for Northamptonshire and Essex.

Our Local Authority business has had recent successes in the East Midlands, Scotland, London and the South East. We have commenced the Midlands TechMAC contract with Marconi, a 3-year commission to maintain and enhance the Highways Agency's communications infrastructure and a first of its kind.

The 2004 Government Spending review saw a 4.5% per annum real increase in funding for transport. The new transport and rail White Papers were launched. Local congestion charging is being incentivised through the new Transport Innovation Fund. The Highways Agency's roads improvement programme remains ambitious and improvements in public sector procurement and increased focus on 'public value' present new challenges. With the airports' development programme, Thames Gateway and the international trend for private sector involvement in transport, the market remains strong.

We are currently trialling electronic road user charging (RUC) systems for the Department for Transport and have developed the business case for Bristol RUC. Strategic alliances are being created to deliver major projects and we are investing heavily in skills and technology. We are well placed to meet the challenges of the development and regeneration agenda with existing services contracts in Northamptonshire, Cambridgeshire, Southend and Peterborough, and long term relationships with English Partnerships and Thames Gateway London Partnership.

We will continue to focus on added value work in our higher margin businesses. Specific operational improvements will be targeted by investment in people and systems to enhance our overall service offering, particularly for large projects and the management of road networks.

Design and Engineering Solutions

The Design and Engineering Solutions segment delivers design, environment and engineering services and engineering based consultancy to a wide range of public and private clients.

	Six months to 30 September 2004 £m	Six months to 30 September 2003 £m
Turnover (excl Joint Ventures)	**129.4**	131.3
Trading operating profit	**9.6**	5.0
Trading operating margin	**7.4%**	3.8%

Financial performance for the first half of the year continues the upward trend from the previous period. Trading operating profit has increased from £5.0m to £9.6m with trading operating margins increasing from 3.8% to 7.4%. Strong markets in key areas, restructuring around target markets and exiting low margin activities combined with a continued focus on improving efficiency throughout the business have helped to increase margins.

Design, Environment & Engineering (DE^2)

As the third largest architect in the UK we continue to benefit from ongoing investment in public sector capital projects. Our core skills in the design of schools and hospitals are in demand to meet the growing needs of these sectors, including the Building Schools for the Future initiative where over 180 schools are to benefit from over £2bn of investment in school buildings. Our capabilities in planning, urban design and regeneration are aligned with the Government's priorities in urban regeneration in areas such as the Thames Gateway.

Our principal overseas activities are in the Gulf and China. In the Gulf, our prospects are good and we continue to expand. We have opened a new office in Bahrain to support our work on the US$1bn Durrat Island Project where we are masterplanners, architects and engineers. In Dubai, towers designed by Atkins are becoming a feature on the skyline. The 50-storey Al Salaam Tower is under construction and several new tower projects are in the design phase.

We are one of the largest international technical consultants operating in mainland China where we have five offices. We have built a strong business based on a blend of local and international staff resources. Our growing office network is another key to our success. Our workload is a healthy mix of government and private sector assignments including strategic advice in respect of planning and major infrastructure projects. Over the past two years we have completed planning for some 25 new town projects across China with a potential population of five million people. This work included such high profile projects as the strategic review of the Masterplan for Shanghai and Thames Town. Atkins is making a major contribution to the considerable changes taking place as a result of urban development in China and we are well placed to continue to exploit this rapidly growing market.

Our focus on improving our skills base in our core areas of architecture, engineering and environmental design has delivered benefits in the first half year. Prospects are good with the ongoing investment in UK public sector social infrastructure forecast to continue beyond the next election and we are well positioned to exploit future growth in our selected overseas markets.

Industry

We have continued to build our position with key clients in our core growth markets. Average contract sizes have increased as we are increasingly taking on programme co-ordination and management roles for major projects which deliver both longer term security and higher margins.

Chief Executive's review
continued

Atkins has the largest independent UK consultant engineering capability in defence. We have continued to make significant in-roads in the defence and aerospace market and have recently been awarded the contract by the Ministry of Defence (MoD) for the Future Rapid Effect System (FRES) Systems House role. FRES is the £6 billion programme to build the next generation of medium-weight armoured vehicles for the Army. Other current major projects include design services for Airbus on both the A380 super-jumbo and the Hercules replacement (the A400M) and design services for Rolls Royce on the Joint Strike Fighter and Trent 1000 engine.

Offices in Houston and Paris complement our UK presence in the Oil & Gas business where we support key clients such as BP, Shell and Total on an international footing in safety, process and structural services.

We continue to see a strong demand for our transmission and distribution services in the power sector and we are working on a diverse range of nuclear, conventional and renewable power projects. We are participating in a consortium that has been selected as preferred consultant to become Technical Support Alliance Partner to the Engineering Division of British Energy. In the Utilities business, there has been significant bidding activity in the first half of the year with the re-bid of major consultancy programmes in line with the water companies' five year capital approval programme. We have had some early wins with Thames Water and Southern Water and are well placed on other major programmes.

The strategy to focus on core growth markets where we are already market leaders has been successful in the first half of the year. We are well positioned to capitalise on this in the second half of the year and beyond.

Management and Project Services

Management and Project Services encompasses a range of activities delivering management and IT consultancy, cost and programme management and whole life cycle asset services to clients in the public and private sectors.

	Six months to 30 September 2004 £m	Six months to 30 September 2003 £m
Turnover (excl Joint Ventures)	**98.9**	109.3
Trading operating profit	**3.6**	3.0
Trading operating margin	**3.6%**	2.7%
Joint venture profit before tax	**0.6**	–

The first half of the year has seen an increase in operating margin from 2.7% to 3.6% on turnover which has decreased from £109.3m to £98.9m following the transfer of a design business with a turnover of £7.1m into Design and Engineering Solutions. This improvement reflects further cost reductions and a more selective approach to bidding although there are a number of activities which are still in transition.

Management Consultants

The first half of the year has been ahead of expectations and we expect continued growth. Programme and project governance is emerging as an important area of growth with major opportunities arising from ongoing public sector reform and modernisation related to the Lyons Report and the Gershon Review of Public Sector Efficiency. During the first half year we worked closely with Government departments to help them achieve aspects of the Office of Government Commerce's initiative to improve the process for managing major projects.

Demand from Government for programme management, management consultancy and IT services will be a primary driver in our target markets and we are investing in this area for future growth. We expect conditions to remain buoyant and we are well placed to support continued public sector investment in areas such as national security and citizen records. Earlier this year we signed long term framework contracts with the Office of the Deputy Prime Minister and BAA and our commitment to building relationships with these clients is already bearing fruit.

Faithful & Gould (F&G)

The first half of the year has seen continued activity in the Government sector, primarily in technical due diligence for Local Authorities and major banks.

We provided services to clients seeking to comply with the provisions of the Disability Discrimination Act and have managed the necessary capital improvement programmes in over 3,000 properties utilising our cost management and programme management expertise.

We are active in the regeneration arena where we are providing cost and project management on a number of different schemes in Liverpool, Sunderland, Tees Valley and the Lea Valley. The leisure sector also provided key commissions including our three year project management framework contract for De Vere Hotel Group.

In the US we have been awarded a 3 year framework with BP Pipelines to assist in improving capital efficiency in their project spend across the US. We are also establishing a significant presence in the Gulf to support Group businesses in the region and have already secured project management commissions including Jumeirah Lake Towers, Dubai Metals and Commodities Centre and Jumeirah Village.

We anticipate sustained growth in the UK and overseas, particularly the Gulf. We will continue to enhance our project management and added value consultancy services primarily in the private sector. Risk and cost management services will continue to be utilised around the Group to enhance overall performance.

Asset Management

We have focused on improving performance on existing contracts and have not pursued growth outside our current capacity. This has led us to concentrate on a small number of core clients where we have a high level of expertise like the Ministry of Defence. Mobilisation is complete and service delivery has commenced on the Colchester Garrison contract. Further potential exists to enhance margins through an ongoing review of cost reductions.

Equity Investments

The Equity Investments segment includes Lambert Smith Hampton and holds the Group's interests in our PFI/PPP investments and other associates.

	Six months to 30 September 2004 £m	Six months to 30 September 2003 £m
Turnover (excl Joint Ventures)	**30.4**	26.5
Trading operating profit	**1.5**	1.3
Trading operating margin	**4.9%**	4.9%
Joint venture profit before tax (continuing)	**6.4**	3.4

Lambert Smith Hampton (LSH)

LSH is run independently under its own brand. It is a strong business which we will continue to operate on an arm's length basis. Under a new management team we are confident that the business will, with appropriate investment in information technology infrastructure in the second half of the year, provide a platform for further margin improvement.

LSH is benefiting from improving conditions in the agency and investment markets, particularly in London. It is consolidating its position in consultancy with the continued growth in the market for outsourced property advisory services and is well placed to benefit from improving market trends with its national presence and strong local knowledge.

Metronet

The Public Private Partnership between London Underground and Metronet has now been in operation for 18 months. Metronet is not only responsible for day to day operations but also for the delivery of a major capital investment programme in order to provide longer term improvements to the service and the condition of the assets. In delivering these obligations Metronet continues to face many challenges all of which could be expected of a project of this magnitude. Atkins plays a key role in the Metronet project with around 500 staff from the Group currently assigned.

Included within Adjusted Profit for the half year is the Group's interest in, and the results of trading with, the Metronet PPP companies:

	Six months to 30 September 2004 £m	Six months to 30 September 2003 £m
Metronet PPP companies	**5.5**	3.7
Supply chain and other fees (including Trans4m Ltd)	**0.3**	2.5
Costs of letters of credit to support equity commitments	**(1.3)**	(2.2)
	4.5	4.0

Metronet has to date achieved its overall profit targets which primarily relate to its operational performance. There have been a limited number of asset failures which have impacted performance but these have been balanced by some notable improvements in the reliability of other assets and in the general ambience of stations and trains. This is particularly evident in the removal of graffiti from its trains.

There have been continued delays in the capital programme, centring on the design approval process, which have impacted our profit for the period. However examples of the main areas of progress include the renewal of circa 8,000 metres of ballasted track and commencement of work on the modernisation and refurbishment of nine stations with a further 34 stations in various stages of design.

Financial review

	Six months to 30 Sept 2004 £m	Six months to 30 Sept 2003 Continuing £m	Six months to 30 Sept 2003 Discontinued £m	Six months to 30 Sept 2003 Total £m
Turnover				
Group excluding Joint Ventures	**463.4**	462.0	41.4	503.4
Joint Ventures	**80.8**	52.4	46.6	99.0
	544.2	514.4	88.0	602.4
Segmental operating profit for the period	**26.9**	20.6	(1.1)	19.5
Share of Joint Ventures profit before tax	**7.3**	3.6	5.5	9.1
Net interest payable and financing charges	**(0.1)**	(3.4)	–	(3.4)
PFI bid costs (excluding Metronet)	**(0.1)**	(1.4)	–	(1.4)
Adjusted profit before tax	**34.0**	19.4	4.4	23.8
Amortisation of pension deficit	**(2.3)**	(1.6)	–	(1.6)
Amortisation of goodwill	**(3.8)**	(3.4)	–	(3.4)
Exceptional items	**–**	–	0.9	0.9
Employee Benefit Trusts	**(1.3)**	(1.9)	–	(1.9)
Profit before tax	**26.6**	12.5	5.3	17.8
Taxation	**(9.6)**	(6.0)	(1.6)	(7.6)
Profit after tax	**17.0**	6.5	3.7	10.2
Adjusted earnings per share	**23.5p**			17.6p
Cashflow from operations	**22.9**			10.2

The first half of the year has seen further progress on the improvement made in the last financial year. Turnover from continuing operations including Joint Ventures has increased by £29.8m to £544.2m.

Adjusted profit before tax for the half year to 30 September 2004 was £34.0m, an increase of £10.2m (43%) compared with the same period last year and an increase of £14.6m (75%) on continuing operations. This reflects the strength of the Group's core businesses and sustained focus on enhancing performance. This is after reducing the period over which our IT hardware is depreciated from 4 to 2.5 years at a cost of £1.8m to reflect the accelerated IT hardware replacement cycle. The Group's operating margin on continuing operations before Joint Ventures was 5.8% (2003: 4.5% and 2004 full year: 4.9%), a further improvement upon last year.

Joint Ventures turnover excluding discontinued activities has increased by £28.4m to £80.8m with associated profit before tax of £7.3m compared with £3.6m for the last half year. This increase is mainly due to profits earned through the Metronet PPP.

Adjusted earnings per share for the half year were up by 34% to 23.5p when compared with last year's figure of 17.6p.

Pensions

In 2003 the Group undertook an interim actuarial assessment of its principal defined benefit pension schemes. This indicated that the principal staff scheme had an actuarial deficit of approximately £65m. In September 2003 the Group agreed with its employees to jointly fund that deficit over 15 years. The Group's additional contributions of £4.3m per annum commenced on 1 April 2004.

The Group intends to accelerate the payment of its contributions to fund the actuarial deficit and anticipates making additional contributions of c.£10m per annum over the next three years.

The Group has continued to account for pensions under SSAP24. The formal actuarial valuation of the principal defined benefit pension scheme as at 31 March 2004 showed a deficit of £69.2m, which is broadly in line with the interim actuarial assessment of the deficit. Under FRS17, the deficit on the principal schemes was £175m after tax. Full adoption of FRS17 would have resulted in an additional charge to operating profit of £3.4m when compared with the pension charge on a SSAP24 basis.

Taxation

The Group's underlying tax rate for the period was 31.6%, compared with 30.0% for the six months ended 30 September 2003 and a full year rate of 31.5%. This rate is expected to be broadly similar in the future.

Dividend

The Group will pay an interim dividend doubled from 2p to 4p per share.

Cash

The Group has continued to focus on managing its cash position. The operating cash inflow in the first half year was £22.9m (2003: £10.2m). Operating free cash flow before Metronet equity contributions and reimbursement of bid costs and development fees has increased from £7.9m to £14.6m.

At 30 September 2004 net cash was £76.4m, compared with net cash of £68.4m at 31 March 2004 and net debt of £26.1m at 30 September 2003.

Cash flows have a well established seasonal bias with higher operating cash inflows in the second half of the year. However, planned uses of cash in the period to 31 March 2005 include investment in IT hardware as part of a shortened replacement cycle, the accelerated cash contribution to the pension scheme and a further equity injection in the Metronet PPP Companies.

IFRS Conversion

The Group will be required to prepare its financial statements under International Financial Reporting Standards (IFRS) from the year ending 31 March 2006. Conversion to IFRS should not affect the Group's operational prospects or its ability to generate cash.

We recognise that adopting IFRS will change the reporting of the financial performance of the Group and we understand that meaningful comparisons will be required. We are planning to communicate this transition to our stakeholders in a clear and straightforward manner by providing an IFRS compliant set of full year financial statements in July 2005.

Although the effects of adopting IFRS have not yet been determined in full, the Group expects that the major differences between current accounting practice and IFRS will be in respect of defined benefit pension schemes, goodwill, joint ventures and segmental reporting. As part of our preparation for the adoption of IFRS, we will be reorganising the capital of some of our subsidiary companies.

In addition, the Group is party to a number of service concession arrangements including PFI/PPP projects. The International Financial Reporting Interpretations Committee (IFRIC) is proposing to issue an interpretation on service concession arrangements. Until further clarification is provided by IFRIC, there remains uncertainty around this area.

This summary is not intended to be a complete list of affected areas. Further significant differences may arise as a result of the Group's continued detailed assessment and interpretations or pronouncements issued by the IASB.

Consolidated profit and loss account

for the six months ended 30 September 2004

	Notes	Six months to 30 Sept 2004 (unaudited) £m	Restated[1] six months to 30 Sept 2003 (unaudited) £m	Twelve months to 31 March 2004 (audited) £m
Turnover: Group and share of Joint Ventures		**544.2**	602.4	1,241.8
Less: Share of Joint Ventures' turnover	3	**(80.8)**	(99.0)	(250.0)
Turnover	2	**463.4**	503.4	991.8
Continuing operations		**463.4**	462.0	950.4
Discontinued operations		**–**	41.4	41.4
Cost of sales		**(301.5)**	(334.1)	(619.2)
Gross profit		**161.9**	169.3	372.6
Administrative expenses		**(142.5)**	(158.1)	(338.1)
Operating profit: Group excluding share of Joint Ventures		**19.4**	11.2	34.5
Continuing operations		**19.4**	12.3	35.6
Discontinued operations		**–**	(1.1)	(1.1)
Operating profit: Share of Joint Ventures	3	**11.9**	15.4	32.8
Operating profit: Group and share of Joint Ventures		**31.3**	26.6	67.3
Profit on sale of subsidiary undertaking and Joint Ventures		**–**	0.9	13.5
Interest receivable and similar income		**8.5**	4.5	15.7
Operations		**2.5**	1.8	3.4
Joint Ventures	3	**6.0**	2.7	12.3
Interest payable and similar charges		**(13.2)**	(14.2)	(34.5)
Operations		**(2.6)**	(5.2)	(10.0)
Joint Ventures	3	**(10.6)**	(9.0)	(24.5)
Profit on ordinary activities before taxation	2	**26.6**	17.8	62.0
Operations before exceptional items		**19.3**	7.8	27.9
Exceptional items		**–**	0.9	13.5
Joint Ventures	3	**7.3**	9.1	20.6
Taxation on profit on ordinary activities	4	**(9.6)**	(7.6)	(24.6)
Operations before exceptional items		**(7.0)**	(4.9)	(17.4)
Exceptional items		**–**	–	(1.1)
Joint Ventures	3	**(2.6)**	(2.7)	(6.1)
Profit on ordinary activities after taxation		**17.0**	10.2	37.4
Operations before exceptional items		**12.3**	2.9	10.5
Exceptional items		**–**	0.9	12.4
Joint Ventures	3	**4.7**	6.4	14.5
Dividends		**(4.0)**	(1.9)	(8.8)
Retained profit for the period transferred to reserves		**13.0**	8.3	28.6
Earnings per share:				
Basic	5	**17.2p**	10.8p	38.8p
Fully Diluted	5	**16.9p**	10.4p	38.3p
Adjusted[2]	5	**23.5p**	17.6p	39.9p
Dividends per share:				
Interim – proposed		**4.0p**	2.0p	2.0p
Final – paid		**–**	–	7.0p
Total for the period		**4.0p**	2.0p	9.0p

The notes on pages 14 to 19 form part of these financial statements:

(1) Restated for UITF 38 (Accounting for ESOP Trusts) and UITF 17, as amended, (Employee Share Schemes), see note 1.
(2) Before amortisation of goodwill and pension fund deficit, exceptional items, Colchester Garrison dilution gain and Employee Benefit Trusts, see note 5.

Consolidated balance sheet

as at 30 September 2004

	30 Sept 2004 (unaudited) £m	Restated[1] 30 Sept 2003 (unaudited) £m	31 March 2004 (audited) £m
Fixed assets			
Intangible assets	**33.0**	42.8	36.8
Tangible assets	**50.2**	57.7	56.9
Investments in Joint Ventures	**33.9**	28.4	25.9
Share of gross assets	**508.4**	578.3	474.0
Share of gross liabilities	**(474.5)**	(549.9)	(448.1)
	117.1	128.9	119.6
Current assets			
Stocks	**0.4**	0.6	0.5
Debtors	**218.0**	239.8	275.3
Investments	**39.7**	32.5	30.0
Cash at bank and in hand	**83.9**	21.5	86.2
	342.0	294.4	392.0
Current liabilities			
Creditors: amounts falling due within one year	**(263.7)**	(252.3)	(332.0)
Net current assets	**78.3**	42.1	60.0
Total assets less current liabilities	**195.4**	171.0	179.6
Creditors: amounts falling due after more than one year	**(56.8)**	(72.5)	(56.8)
Provisions for liabilities and charges	**(35.0)**	(28.2)	(34.1)
Net assets	**103.6**	70.3	88.7
Capital and reserves			
Called up share capital	**0.5**	0.5	0.5
Share premium account	**62.3**	55.4	62.3
Capital redemption reserve	**0.2**	0.2	0.2
Other reserve	**–**	6.9	–
Merger reserve	**8.7**	8.7	8.7
Profit and loss account	**31.9**	(1.4)	17.0
Shareholders' funds – equity interests	**103.6**	70.3	88.7

The notes on pages 14 to 19 form part of these financial statements.

(1) Restated for UITF 38 (Accounting for ESOP Trusts) and UITF 17, as amended, (Employee Share Schemes), and reclassification of bid cost recovery and development fee relating to Metronet see note 1.

Consolidated cash flow statement

for the six months ended 30 September 2004

	Notes	Six months to 30 Sept 2004 (unaudited) £m	Restated[1] six months to 30 Sept 2003 (unaudited) £m	Twelve months to 31 March 2004 (audited) £m
Net cash inflow from operating activities	6b	**22.9**	10.2	94.4
Dividends received from Joint Ventures and Associates		**1.8**	0.8	2.9
Returns on investments and servicing of finance				
Interest received		**2.7**	1.3	3.5
Current asset liquid investments and other		**2.7**	1.1	3.2
Finance leases		**–**	0.2	0.3
Interest paid		**(0.9)**	(2.8)	(8.0)
Bank loans, overdrafts and other		**(0.7)**	(2.5)	(7.3)
Finance leases		**(0.2)**	(0.3)	(0.7)
Net cash inflow/(outflow) from returns on investments and servicing of finance		**1.8**	(1.5)	(4.5)
Taxation		**(9.8)**	(0.3)	(3.1)
Capital expenditure and financial investment				
Purchases of fixed assets		**(1.6)**	(4.2)	(7.6)
Disposal of fixed assets		**0.5**	1.9	1.4
Purchases of own shares by Employee Benefit Trusts		**–**	(0.1)	(0.1)
Re-imbursement of bid costs and development fees:				
– Metronet		**–**	20.1	20.1
– Other		**–**	–	12.7
Sales of own shares by Employee Benefit Trusts		**0.1**	–	0.8
Net cash (outflow)/inflow from capital expenditure and financial investment		**(1.0)**	17.7	27.3
Acquisitions and disposals				
Disposal of fixed asset investments – Joint Ventures		**0.1**	(2.7)	24.7
Investment in Metronet		**(5.6)**	–	(10.4)
Loans to Joint Ventures (net)			–	(0.7)
Disposal of subsidiary undertaking – Atkins Americas Holdings Inc				
– cash received		**–**	11.3	11.3
– cash disposed of		**–**	(3.3)	(3.3)
Disposal of Lambert Smith Hampton Belfast office		**–**	1.7	1.6
Prior years' acquisitions		**–**	(0.2)	–
Net cash (outflow)/inflow from acquisitions and disposals		**(5.5)**	6.8	23.2
Equity dividends paid		**–**	–	(4.8)
Cash inflow before use of liquid resources and financing		**10.2**	33.7	135.4
Management of liquid resources				
Increase in current asset investments		**(9.7)**	(25.7)	(23.1)
Financing				
Cash outflow from short-term loans		**–**	(25.9)	(47.9)
Redemption of loan stock		**(0.1)**	(0.2)	(0.2)
Cash outflow from long-term loans		**(2.0)**	(1.1)	(13.5)
Capital element of finance lease rental payments		**(1.2)**	(1.4)	(3.0)
Net cash outflow from financing		**(3.3)**	(28.6)	(64.6)
(Decrease)/increase in cash		**(2.8)**	(20.6)	47.7

The notes on pages 14 to 19 form part of these financial statements.

(1) Restated for UITF 38 (Accounting for ESOP Trusts) and UITF 17, as amended, (Employee Share Schemes), and reclassification of bid cost recovery and development fee relating to Metronet see note 1.
(2) As a result of the change in balance sheet classifications the cash flows resulting from the purchase and sale of shares by the EBTs have been reclassified from capital expenditure and financial investment to financing.

Consolidated statement of total recognised gains and losses

for the six months ended 30 September 2004

	Six months to 30 Sept 2004 (unaudited) £m	six months to 30 Sept 2003 (unaudited) £m	Twelve months to 31 March 2004 (audited) £m
Profit for the financial period			
Operations	**12.3**	3.8	22.9
Joint Ventures	**4.7**	6.4	14.5
	17.0	10.2	37.4
Differences on exchange	**0.6**	(2.1)	(4.4)
Total gains and losses recognised in the period	**17.6**	8.1	33.0
Prior period adjustment	**–**	5.8	5.8
Total gains and losses recognised since the last annual report	**17.6**	13.9	38.8

Historical cost profits and losses do not differ materially from those disclosed in the Group profit and loss account.

Reconciliation of movements in Group shareholders' funds

for the six months ended 30 September 2004

	Six months to 30 Sept 2004 (unaudited) £m	Restated[1] six months to 30 Sept 2003 (unaudited) £m	Twelve months to 31 March 2004 (audited) £m
Opening shareholders' funds as reported	**88.7**	69.7	69.7
Prior year adjustment	**–**	(14.7)	(14.7)
Opening shareholders' funds – restated	**88.7**	55.0	55.0
Profit for the financial period	**17.0**	10.2	37.4
Operations	**12.3**	3.8	22.9
Joint Ventures	**4.7**	6.4	14.5
Dividends	**(4.0)**	(1.9)	(8.8)
Differences on exchange	**0.6**	(1.8)	(4.4)
Share-based movements	**–**	–	0.7
Issue of new shares	**–**	–	6.9
Increase in other reserves	**–**	6.9	–
Employee Benefit Trusts	**1.3**	1.9	1.9
Closing shareholders' funds	**103.6**	70.3	88.7

The notes on pages 14 to 19 form part of these financial statements.

(1) Restated for UITF 38 (Accounting for ESOP Trusts) and UITF 17, as amended, (Employee Share Schemes), see note 1.

Notes to the financial statements

1. Preparation of interim financial statements

The interim financial statements, which are abridged and unaudited, have been prepared in accordance with the guidelines published by the Accounting Standards Board and are prepared on a consistent basis using accounting policies set out in the March 2004 Financial Statements.

Urgent Issues Task Force (UITF) 38 (Accounting for ESOP Trusts) and UITF 17, as amended (Employee Share Schemes) were adopted for the first time in the March 2004 financial statements. The comparative figures for the six months to 30 September 2003 have been restated accordingly. The impact of these changes to profit and loss account and reserves is described in note 7.

Current asset liquid investments includes £20.1m investment to support the deferred equity for the Metronet PPP companies which was previously shown as cash. The comparative figures as at 30 September 2003 have been restated accordingly.

The balance sheet as at 31 March 2004 and the results for the year then ended have been abridged from the March 2004 Financial Statements which have been filed with the Registrar of Companies; the auditors' opinion on those accounts was unqualified and did not include a statement under Section 237 (2) of (3) of the Companies Act 1985. The interim statement does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

2. Segmental analysis

	Turnover six months to 30 Sept 2004 (unaudited) £m	Turnover six months to 30 Sept 2003 (unaudited) £m	Turnover twelve months to 31 March 2004 (audited) £m	**Profit before taxation six months to 30 Sept 2004 (unaudited) £m**	Profit before taxation six months to 30 Sept 2003 (unaudited) £m	Profit before taxation twelve months to 31 March 2004 (audited) £m
By class of business						
Before Goodwill						
Transport	**204.7**	194.9	410.3	**12.2**	11.3	23.5
Design and Engineering Solutions	**129.4**	131.3	264.3	**9.6**	5.0	13.4
Management and Project Services	**98.9**	109.3	209.0	**3.6**	3.0	3.6
Equity Investments	**30.4**	26.5	66.8	**1.5**	1.3	5.9
	463.4	462.0	950.4	**26.9**	20.6	46.4
Discontinued operations	**–**	41.4	41.4	**–**	(1.1)	(1.1)
Trading Result	**463.4**	503.4	991.8	**26.9**	19.5	45.3
Goodwill	**–**	–	–	**(3.8)**	(3.4)	(7.8)
PFI/PPP bid costs	**–**	–	–	**(0.1)**	(1.4)	(3.0)
Colchester Garrison sale benefit	**–**	–	–	**–**	–	4.8
Amortisation of pension deficit	**–**	–	–	**(2.3)**	(1.6)	(3.4)
Employee Benefit Trusts	**–**	–	–	**(1.3)**	(1.9)	(1.4)
Total before Joint Ventures and exceptional items	**463.4**	503.4	991.8	**19.4**	11.2	34.5
Joint Ventures	**80.8**	99.0	250.0	**11.9**	15.4	32.8
Continuing operations	**80.8**	52.4	189.3	**11.9**	7.5	22.8
Discontinued Operations	**–**	46.6	60.7	**–**	7.9	10.0
Total before exceptional items	**544.2**	602.4	1,241.8	**31.3**	26.6	67.3
Profit on sale of subsidiary undertaking and Joint Ventures	**–**	–	–	**–**	0.9	13.5
Interest receivable and similar income	**–**	–	–	**8.5**	4.5	15.7
Interest payable and similar charges	**–**	–	–	**(13.2)**	(14.2)	(34.5)
	544.2	602.4	1,241.8	**26.6**	17.8	62.0

2. Segmental analysis (continued)

Trading operating margins	**Six months to 30 Sept 2004 (unaudited) %**	Six months to 30 Sept 2003 (unaudited) %	Twelve months to 31 March 2004 (audited) %
Transport	**6.0**	5.8	5.7
Design and Engineering Solutions	**7.4**	3.8	5.1
Management and Project Services	**3.6**	2.7	1.7
Equity Investments	**4.9**	4.9	8.8
Continuing operations	**5.8**	4.5	4.9
Discontinued operations	**–**	(2.7)	(2.7)
	5.8	3.9	4.6

Trading operating margins exclude amortisation of goodwill and pension fund deficit, PFI/PPP bid costs, exceptional items, Employee Benefit Trusts and share of Joint Ventures.

3. Joint Ventures

	Continuing six months to 30 Sept 2004 (unaudited) £m	Continuing six months to 30 Sept 2003 (unaudited) £m	Discontinued six months to 30 Sept 2003 (unaudited) £m	Total six months to 30 Sept 2003 (unaudited) £m	Continuing twelve months to 31 March 2004 (audited) £m	Discontinued twelve months to 31 March 2004 (audited) £m	Total twelve months to 31 March 2004 (audited) £m
Turnover	**80.8**	52.4	46.6	99.0	189.3	60.7	250.0
Operating expenditure	**(68.9)**	(44.9)	(38.7)	(83.6)	(166.5)	(50.7)	(217.2)
Operating profit	**11.9**	7.5	7.9	15.4	22.8	10.0	32.8
Interest receivable	**6.0**	0.8	1.9	2.7	10.7	1.6	12.3
Interest payable	**(10.6)**	(4.7)	(4.3)	(9.0)	(19.0)	(5.5)	(24.5)
Profit before taxation	**7.3**	3.6	5.5	9.1	14.5	6.1	20.6
Taxation	**(2.6)**	(1.1)	(1.6)	(2.7)	(4.1)	(2.0)	(6.1)
Profit after taxation	**4.7**	2.5	3.9	6.4	10.4	4.1	14.5

Share of Joint Ventures for the six months to 30 September 2004 includes the Group's 20% share of the results of the Metronet PPP companies, Metronet SSL Limited and Metronet BCV Limited, which commenced operations on 4 April 2003. The 30-year partnership, which encompasses over two thirds of the London Underground network, covers inter alia the repairs, refurbishment and modernisation of the stations. Metronet has contracted with Trans4m Limited, a joint venture company in which Atkins has a 25% shareholding, to undertake the civil engineering work and the refurbishment programme. Trans4m Limited has signed a 7½ year contract with Atkins for premises and civil design, inspection and assessment work and the design and build of new communication systems.

Notes to the financial statements
continued

4. Taxation on profit on ordinary activities
The interim period is regarded as an integral part of the annual period and all tax liabilities are disclosed as such.

The Group tax charge represents the Group's share of Joint Venture tax, overseas tax and a decrease in the deferred tax asset.

	Six months to 30 Sept 2004 (unaudited) £m	Six months to 30 Sept 2003 (unaudited) £m	Twelve months to 31 March 2004 (audited) £m
Group – current tax	**6.2**	5.2	12.9
Group – deferred tax movement	**0.8**	(0.3)	6.1
Joint Ventures	**2.6**	2.7	4.5
Exceptional items	**–**	–	1.1
Total tax charge	**9.6**	7.6	24.6

Taxation on adjusted profit before taxation has been provided at an estimated effective rate of 31.6% (six months 2003:30.0%; full year 2003/2004: 31.5%).

5. Earnings per share
Basic earnings per share is calculated in accordance with FRS 14 ('Earnings per share'), by dividing profit after tax of £17.0m (six months 2003: £10.2m, full year 2003/2004: £37.4m) by the weighted average number of shares in issue during the period of 98,999,350 (six months 2003: 94,786,608, full year 2003/2004: 96,473,370), excluding 5,444,201 shares held by the Employee Benefit Trusts (EBTs) which have not unconditionally vested in the employees.

Fully Diluted earnings per share is the Basic earnings per share after allowing for the dilutive effect of the conversion into ordinary shares of the number of options outstanding during the period. The number of shares used for the Fully Diluted calculation is 100,409,915 (six months 2003: 97,897,907, full year 2003/2004: 97,668,548). The options relate to the SAYE schemes, Equity Participation Plans and Long Term Incentive Plans.

The Adjusted earnings per share information has been calculated based on an adjusted profit after tax of £23.3m (six months 2003: £16.7m, full year £38.5m). Adjusted profit is before Metronet bid costs, amortisation of pension deficit, amortisation of goodwill, exceptional items, Colchester Garrison dilution gain and Employee Benefit Trusts. The Board believes that this additional measure provides a better indicator of the underlying trends in the business.

	Six months to 30 Sept 2004 (unaudited)	Six months to 30 Sept 2003 (unaudited)	Twelve months to 31 March 2004 (audited)
Profit after taxation	**£17.0m**	£10.2m	£37.4m
Average shares ('000)	**98,999**	94,787	96,473
No. of shares used in fully diluted EPS ('000)	**100,410**	97,898	97,669
Fully diluted earnings per share	**16.9p**	10.4p	38.3p
Basic earnings per share	**17.2p**	10.8p	38.8p
Adjustments after accounting for tax –			
– Amortisation of goodwill	**3.8p**	3.6p	8.1p
– EBT's	**0.9p**	2.0p	1.8p
– Tax on intra-group loan to EBT's	**–**	–	5.1p
– Amortisation of pension deficit	**1.6p**	2.2p	2.5p
– Colchester Garrison dilution gain	**–**	–	(3.5)p
– Profit on sale of subsidiary undertakings and JV's	**–**	(1.0)p	(12.9)p
Adjusted earnings per share	**23.5p**	17.6p	39.9p
Fully diluted adjusted earnings per share	**23.2p**	17.1p	39.4p

6 a) Reconciliation of net cash flow to movement in funds

	Six months to 30 Sept 2004 (unaudited) £m	Six months to 30 Sept 2003 (unaudited) £m	Twelve months to 31 March 2004 (audited) £m
Cash (decrease)/increase	**(2.8)**	(20.6)	47.7
Cash outflow due to lease repayments	**1.2**	1.4	3.0
Cash outflow from change in liquid resources	**9.7**	25.7	23.1
Cash outflow from change in short-term loans (non-EBT)	**–**	25.9	47.9
Cash outflow from redemption of loan stock	**0.1**	0.2	0.2
Cash outflow from change in long-term loans	**2.0**	1.1	13.5
Increase in net funds resulting from cash flows	**10.2**	33.7	135.4
Increase in net debt from new finance leases	**(0.7)**	(1.0)	(4.8)
Decrease in current asset investment market value	**–**	(0.1)	–
Translation difference	**0.5**	0.1	(1.2)
Increase in net funds in period	**10.0**	32.7	129.4
Opening net funds/(debt)	**83.6**	(45.8)	(45.8)
Closing net funds/(debt)	**93.6**	(13.1)	83.6

6 b) Reconciliation of operating profit to net cash inflow from operating activities

	Six months to 30 Sept 2004 (unaudited) £m	Restated six months to 30 Sept 2003 (unaudited) £m	Twelve months to 31 March 2004 (audited) £m
Operating profit	**19.4**	11.2	34.5
Operations including amortisation of goodwill	**19.4**	11.3	34.7
Employee Benefit Trusts	**–**	(0.1)	(0.2)
Depreciation charges	**10.8**	9.1	19.0
Release of deferred income	**(0.4)**	–	(5.6)
Amortisation of goodwill	**3.8**	3.4	7.8
Options charge	**1.3**	1.9	1.3
Profit on disposal of tangible fixed assets	**(0.4)**	(0.2)	(0.1)
Profit on disposal of current asset non-liquid investments	**–**	–	(0.1)
Movement in working capital	**(14.4)**	(9.9)	37.2
Increase in other provisions for liabilities and charges	**0.4**	5.1	6.0
	20.5	20.6	100.0
Increase in pension fund provision	**0.4**	2.6	5.4
	20.9	23.2	105.4
Operations	**21.0**	23.4	104.9
Employee Benefit Trusts	**(0.1)**	(0.2)	0.5
Increase/(decrease) in amounts due to contractors	**2.0**	(13.0)	(11.0)
Net cash inflow from operating activities	**22.9**	10.2	94.4

Notes to the financial statements
continued

6 c) Analysis of net funds

	At 31 March 2004 £m	Cash Flow £m	Other non-cash Changes £m	Exchange movement £m	**At 30 Sept 2004 £m**	At 30 Sept 2003 £m
Cash at bank and in hand	71.0	(4.8)	–	0.5	**66.7**	8.9
Bank overdrafts	–	–	–	–	**–**	(0.2)
Current asset liquid investments (1)	30.0	9.7	–	–	**39.7**	32.1
Debt due within one year	(0.7)	0.1	–	–	**(0.6)**	(22.7)
Debt due after one year	(23.2)	2.0	–	–	**(21.2)**	(37.7)
Finance leases	(8.7)	1.2	(0.7)	–	**(8.2)**	(6.5)
Total	68.4	8.2	(0.7)	0.5	**76.4**	(26.1)
Cash held on behalf of sub-contractors	12.0	2.0	–	–	**14.0**	10.0
EBT – cash	3.2	–	–	–	**3.2**	2.6
EBT – certificate of tax deposit	–	–	–	–	**–**	0.4
	83.6	10.2	(0.7)	0.5	**93.6**	(13.1)
Bank balances and cashflows as shown on the balance sheet and cashflow:						
Cash at bank and in hand	71.0	(4.8)	–	0.5	**66.7**	8.9
Cash held on behalf of contractors	12.0	2.0	–	–	**14.0**	10.0
Employee Benefit Trusts	3.2	–	–	–	**3.2**	2.6
Cash as shown on balance sheet	86.2	(2.8)	–	0.5	**83.9**	21.5
Overdrafts	–	–	–	–	**–**	(0.2)
Net cash and cashflow	86.2	(2.8)	–	0.5	**83.9**	21.3

7. Impact of changes in accounting policies
As detailed in the financial statements for the year ended 31 March 2004, the Group adopted UITF 38 (Accounting for ESOP trusts) and UITF 17, as amended (Employee Share Schemes).

UITF 38 requires that investments in own shares which were previously disclosed in fixed assets investments are shown as a reduction to shareholders' funds.

UITF 17, as amended, requires the difference between market value of the shares at the date of award and any consideration paid for the shares to be charged to the profit and loss account over the performance period of each scheme. The charge to the profit and loss account was previously based on the difference between the original cost of the shares and any consideration paid for the shares.

The impact of these changes on the results for the six months ended 30 September 2003 is as follows:

	30 Sept 2003 as previously stated £m	Adjustment £m	30 Sept 2003 as restated £m
Consolidated profit and loss account			
– Administrative expenses	(158.1)	–	(158.1)
– Operating profit	26.6	–	26.6
Consolidated balance sheet			
– Investment in own shares	12.6	(12.6)	–
– Shareholders' funds	82.9	(12.6)	70.3

A realised gain of £5.8m has been reported in the Statement of total recognised gains and losses. This is the net effect of reversing the cumulative UITF 17 charge of £20.3m and adjusting for the revised UITF 17 (as amended by UITF 38) charge of £14.5m.

8. Pension schemes

The Group operates both defined benefit schemes and defined contribution schemes.

The latest actuarial valuation of the defined benefits section of the Atkins Staff Scheme was at 1 April 2004.

The main assumptions used for the actuarial valuation were:

	2004 valuation	2003 interim assessment
Rate of inflation	**3.00%**	2.50%
Real pension increases		
– Fixed	**2.00%**	2.40%
– Limited Price Indexation	**0%**	0%
Real salary increases	**1.50%**	1.50%
Real investment return		
– Future service	**4.00%**	4.00%
– Past service	**4.10%**	4.25%

The total market value of the assets at the date of the valuation was £390.3m and the actuarial value of the assets was sufficient to cover approximately 85% of the benefits that had accrued to members allowing for assumed increases in earnings. For the purposes of SSAP 24 the shortfall of £69.2m is being amortised as a level percentage of salary over the estimated service lives of current employees in the scheme through to 2019.

The most recent triennial valuation of the Railways pension scheme took place on 31 December 2001. This has been updated using the 2004 assumptions noted above. Based on these assumptions the assets at 30 September 2004 were £108.0m which were sufficient to cover approximately 112% of the benefits that had accrued to members allowing for assumed increases in earnings.

The above revised rates and amortisation of the deficit have been incorporated in the accounts for the six months to 30 September 2004 resulting in a cost of defined benefit schemes of £9.0m (six months 2003: £9.8m, full year 2003/4: £19.9m).

In September 2003 the Group agreed with its employees to jointly fund the pension fund deficit over 15 years. The Group's additional contributions of approximately £4.3m per annum commenced on 1 April 2004. Following the April 2004 actuarial valuation of the Atkins Staff scheme the Group intends to accelerate the payment of its contributions to fund the actuarial deficit. The Group therefore anticipates making additional contributions of approximately £10m per annum over the next three years.

At 30 September 2004, using FRS 17 assumptions there was a net deficit of £175.0m after tax, (six months 2003: £142.0m, full year 2003/4: £161.5m) for the UK defined benefit schemes. The pension charge that would have been recognised under FRS 17 for the half year amounts to £12.4m (six months 2003: £12.9m, full year 2003/4: £25.8m), of which £10.0m (six months 2003: £10.0m, full year 2003/4: £20.2m) is the current service cost and £2.4m (six months 2003: £2.9m, full year 2003/4: £5.6m) is other finance charges.

Investor information

The Interim Report is being sent to all shareholders. Copies are available from the Company Secretary, WS Atkins plc, Woodcote Grove, Ashley Road, Epsom, Surrey KT18 5BW. The Company's registered number is 1885586.

Company Secretary and registered office
Anne Randall, WS Atkins plc, Woodcote Grove, Ashley Road, Epsom, Surrey KT18 5BW.

Shareholder services

Registrar
Administrative enquiries about the holding of WS Atkins plc shares should be directed in the first instance to The Registrar whose address is The Registrar, Registration Department, The Registry, 34 Beckenham Road, Kent BR3 4TU. Telephone: 0870 162 3100, website: www.capitaregistrars.com

Share dealing service
Details of a postal dealing service can be obtained from: WS Atkins plc Share Dealing Service, Cazenove & Co Ltd, 20 Moorgate, London EC2R 6DA. Telephone: 020 7155 5155, website: www.cazenove.com

Dividend reinvestment plan ("DRIP")
The Company offers a dividend reinvestment plan to shareholders as a dividend alternative. Participation in the DRIP scheme is entirely voluntary and you may join or withdraw at any time. Should you wish to participate in the DRIP scheme please contact the Registrars on 0870 162 3100 to request a form of mandate and an explanatory booklet. Your completed mandate form must be received by the Company's Registrars by 7 January 2005.

Amalgamation of accounts
Shareholders who receive duplicate sets of Company mailings owing to multiple accounts in their name should write to the Registrar to have their accounts amalgamated.

Unsolicited mail
The Company is obliged by law to make its share register available to other organisations who may then use it for a mailing list. If you wish to limit the receipt of unsolicited mail you may do so in writing to: The Mailing Preference Service (MPS), Freepost 29 LON20771, London W1E 0ZT. MPS will then notify the bodies which support its service that you do not wish to receive unsolicited mail.

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