Tuesday 29 November 2005 for Immediate Release

Interim results for the six months ended 30 September 2005

Professional services group WS Atkins plc (Atkins) today announced preliminary unaudited results for the six months ended 30 September 2005.

FINANCIAL SUMMARY

	Six months to 30 September 2005	**Six months to 30 September 2004 Pro forma[1]**	**Six months to 30 September 2004**
Turnover excluding Joint Ventures	£516.1m	£463.4m	£463.4m
Operating profit	£25.9m	£23.5m	£23.5m
Operating margin[2]	5.0%	5.1%	5.1%
Profit before tax	£28.2m	£26.0m	£25.4m
Profit before tax (before JV taxation)	£30.2m	£28.7m	£28.0m
Dividend per share proposed for period	4.5p	4.0p	4.0p
Fully diluted earnings per share	21.0p	19.7p	19.1p
Cash generated from operations	£29.3m	£26.6m	£26.6m
Net funds	£106.9m	£71.3m	£71.3m

Notes:

1. As permitted by IFRS 1, *First time adoption of IFRS*, the Group has elected to adopt IAS 32, *Financial instruments: disclosure and presentation* and IAS 39, *Financial instruments: recognition and measurement*, prospectively from 1 April 2005. The pro forma figures provided here show comparatives had the Group adopted IAS 39 and the IFRIC draft interpretations regarding PFI/PPP concessions for the six months ended 30 September 2004.
2. 5.3% before PFI/PPP bid costs (2004: 5.1%).

HIGHLIGHTS

- Turnover up by 11%.
- Operating profit up by 10%.
- Operating margins increased in all core areas except Rail, with an overall margin of 5.0% (2004: 5.1%).
- Substantial turnover growth in Design and Engineering Solutions (17%), Highways and Transportation (16%), Middle East and China (41%) and Management and Project Services (17%).
- Robust order book, with work in hand representing 87% of forecast turnover for the current year (2004: 83%).
- Good cash flow after payments to the pension scheme of £7.2m (2004: £1.8m) to fund the actuarial deficit. An additional lump sum payment of £10.0m was made to the pension scheme in October 2005.
- Strong focus on Metronet's capital programme.
- Interim dividend up 12.5% to 4.5p per share.

Commenting on the results, Keith Clarke, Chief Executive of Atkins, said:

"The results were ahead of our expectations, with most of our core businesses growing strongly in response to public sector demand. Prospects for our business remain good and we are confident that the Group will continue to grow profitably."

Enquiries

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Notes to Editors

1. Atkins

Atkins (www.atkinsglobal.com) plans, designs and enables the delivery of complex infrastructure and buildings for clients in the public and private sectors across the world. Atkins is the largest multi-disciplinary consultancy in Europe; the largest engineering consultancy in the UK; and the fourth largest design firm in the world (sources: New Civil Engineer Consultants File, 2005; Swedish Federation of Consultant Engineers & Architects, 2005; Engineering News Record, 2005).

2. Attachments

Attached to this press release are the Overview of the period, Half year review, the unaudited consolidated income statement, consolidated balance sheet, consolidated cash flow statement and notes to the financial information for the period.

3. Analyst Presentation

A presentation for analysts will be held today at The Lincoln Centre, 18 Lincoln's Inn Fields, WC2A 3ED, at 9.30am. A webcast of the presentation will subsequently be available via the Company's website, www.atkinsglobal.com.

OVERVIEW

The results presented here are the Group's first under International Financial Reporting Standards (IFRS). Although the application of IFRS has had relatively little net impact on reported profits, the effect on the Group's balance sheet is significant. The transition to IAS 19, Employment Benefits, resulted in a reduction of equity of £172.5m at 31 March 2005. The Group's underlying operating performance remains unaffected.

Results

Overall, the results for the period of the Group's wholly owned operations were ahead of our expectations. Turnover increased by 11% compared to the six months ended 30 September 2004 with most of our core businesses growing strongly in response to public sector demand. The Group's results are reported on a new segmental basis that better reflects the operating structure of the business. Importantly, the new segments are sub-divisions of the former ones, enabling direct comparability of results. Design and Engineering Solutions and Highways and Transportation in particular continue to perform well, while margins improved significantly in other areas, notably Management and Project Services. The principal exception was the Rail segment where, as predicted, performance was impacted by difficult short term market conditions. We have maintained capacity in our Rail business to take advantage of the market upturn that is now showing the first signs of emerging. Overall, operating profit increased by just over 10%.

Operating cash flow for the period was £29.3m (2004: £26.6m). This is after the payment of £7.2m to fund the actuarial deficit of the Group's main defined benefit pension scheme. A further lump sum contribution of £10.0m was paid into the pension scheme in October 2005, bringing total projected deficit funding to the pension scheme for the full year to £24.3m.

During the last six months Metronet's new management team has focused on implementing the organisational changes necessary to advance the recovery of the capital programme. The Group's results for the period were impacted by continued delays in the recovery of the capital programme, inconsistent operational performance and restructuring costs.

Outlook

Prospects for our business remain good and we are confident that the Group will continue to grow profitably. Demand for our services is strong with 87% of forecast full year turnover already secured (2004: 83%). Activity in the Rail sector is still below the medium term trend level but is expected to improve next year. All our main business activities retain significant potential for longer term growth.

The recovery of the capital programme and the improvement of the day to day operational performance of the Underground remain crucial to the eventual success and realisation of value from the project. Metronet's new management team is carrying out a detailed review of the complex and challenging capital programme. Whilst progress has been made over the last six months, it will take some time to evidence any significant recovery. As previously stated, these issues must be satisfactorily addressed if the Group's returns from Metronet are not to be impacted at all levels, including the final value of the investment.

Board of Directors

On 6 October 2005 James Morley was appointed Senior Independent Director. On the same date Sir Peter Williams joined the Remuneration Committee, becoming its Chairman, and Christopher Kemball joined the Audit Committee.

Struan Robertson retired as a Director of the Company on 7 September 2005.

Dividend

An interim dividend of 4.5p per share will be paid on 27 January 2006 to all shareholders on the register on 23 December 2005 (2004 interim dividend: 4.0p per share). This represents an increase of 12.5%, reflecting the Board's confidence in the Group's prospects.

HALF YEAR REVIEW

Strategy

The Group plans to publish an expanded Operating and Financial Review within the 2006 Annual Report, in accordance with Reporting Standard 1, Operating and Financial Review, containing a more detailed analysis of the Group's strategy.

Our business

Atkins is the largest multi-disciplinary consultancy in Europe, in business to provide the highest quality advice and support to clients in planning, designing and enabling their capital programmes to achieve greater predictability, efficiency and quality.

Our market

The consultancy market is characterised by a number of large firms that provide the majority of the engineering and related services to the public and private sectors, both in the UK and overseas, together with a significant number of smaller players. The top 20 consultancies account for around three quarters of the market.

Atkins occupies the top position in ten of the 19 market segments identified by the New Civil Engineer, with strong placings in the other areas. The UK public sector and regulated industries currently form a significant part of the Group's client base.

Our strategy

The Group's strategic focus remains on the generation of sustainable, profitable growth in our core areas of business.

We will achieve our business expansion by continuing to do what we do best in the markets we know well, especially the UK:

- Organic growth will be the main driver, although acquisitions will be pursued where they add niche skills and appropriate resources. We aim to become the provider of choice for our clients in our core market segments. Our markets in the UK remain the principal focus, but we aim to expand internationally where this can be done on a sustainable basis.

- We will develop and exploit the identity of the Group. This is more than increasing the visibility, awareness and perception of our brand, as it encompasses who we are and how we do it, focusing on what we provide and its value.

- We will also pursue excellence in all aspects of our business. This means enhancing efficiency by improving our product or reducing costs or both. We will invest in our resources and products to maintain competitive advantage. We will promote the development of new technology to enhance our service offering and efficient internal processes and procedures, exploiting appropriate barriers to entry.

Our staff

We continue to devote significant resources to recruit and retain the best staff. Where there are areas of skill shortage in the UK we will use expertise from our international operations to support the UK business.

Trends

Our principal markets are robust. The complexity of projects is increasing. The ability to address such projects is a significant barrier to entry. Value for money on capital programmes is here to stay. Atkins is well placed to capitalise on all of these factors.

For the Group, the UK is likely to remain dominant, although there is a skill constraint. We expect further growth in the Middle East, where headcount, including agency staff, has now grown to more than 1,000. China presents a significant challenge but also a significant opportunity.

KEY PERFORMANCE INDICATORS

The Group's Key Performance Indicators (KPIs) for the period are shown below, along with comparatives.

	Six months to 30 September 2005	Six months to 30 September 2004
Financial metrics		
Turnover (continuing, excluding Joint Ventures)	£516.1m	£463.4m
Operating profit	£25.9m	£23.5m
Operating margin*	5.0%	5.1%
Operating cash flow	£29.3m	£26.6m
Work in hand**	87%	83%
People		
Staff at 30 September	13,380	13,148
Total headcount (including agency staff) at 30 September	15,377	14,876
Staff turnover (previous 12 months)	14.2%	14.4%

*5.3% before PFI/PPP bid costs (2004: 5.1%).
** Work in hand is the value of work carried out in the period plus contracted and committed work for the remainder of the year, expressed as a percentage of full year forecast turnover.

Overall Group's KPIs demonstrate a positive trend. Turnover increased by 11% compared to the six months ended 30 September 2004, driven by strong growth in the Design and Engineering Solutions and Highways and Transportation segments. The overall operating margin before PFI/PPP bid costs rose slightly from 5.1% to 5.3%. All core segments, other than Rail, produced increased margins compared to the six months ended 30 September 2004. As predicted, Rail's operating margin fell due to the temporary market slowdown and the effects of delays to the Metronet capital programme. Operating cash flow remains strong. Our order book is robust, with 87% of forecast full year turnover already secured, an improvement on the position at the same stage last year.

Headcount has increased by 1.8% in the last 12 months while total staff numbers (including agency staff) have increased by 3.4%. Staff turnover has reduced slightly to 14.2%. We are committed to attaining our medium term target of 12.5%.

SEGMENTAL ANALYSIS

Design and Engineering Solutions

	Six months to 30 September 2005	Six months to 30 September 2004
Turnover	£137.5m	£117.2m
Operating profit	£10.9m	£8.1m
Operating margin	7.9%	6.9%
Work in hand	81%	73%
Staff at 30 September	3,505	3,378
Total headcount (including agency staff) at 30 September	4,146	3,892

Design and Engineering Solutions performed well in the first half of the year and has continued to grow profitably. Operating profit for the period increased by £2.8m (35%) on turnover growth of 17%. Increasing demand for our services and a focused approach has enabled us to continue improving margins. Work in hand is good with 81% of forecast full year turnover secured (2004: 73%). Staff numbers (including agency staff) have risen significantly and at 30 September 2005 were 7% higher than 12 months previously.

Growth has been driven by work delivered on major projects won last year, along with some significant contract wins in the first half of this year. Our design business has performed well, particularly in the education sector, with a significant volume of work being generated by the government's Building Schools for the Future initiative. High profile projects include our design of the re-development of the headquarters of the Department for Environment, Food and Rural Affairs (Defra). The project has recently been completed and incorporated a range of environmentally sustainable design methods. There has also been a good flow of work from the private sector. Current projects include the design of the Bay Pointe development in Cardiff, a major residential complex.

In Nuclear and Power, successes include our appointment as Design House for AWE in respect of a major infrastructure programme spanning several years. Work for the Carbon Trust has also continued to grow and we have recently been re-appointed under a three year contract to provide consultancy services relating to energy abatement and climate change. Our Aerospace and Defence business continues to develop, particularly in our role as a strategic supplier to Airbus. We now have a team working on the latest aircraft project, the A350, in addition to our work on the development of the A380. During the period we achieved AS9100 accreditation, the quality system for the aerospace industry. The Future Rapid Effect System (FRES) project for the MoD has generated a substantial amount of work and is progressing to plan.

The Water and Environment division has started the year well, benefiting from the commencement of the AMP4 programme, following the award of contracts last year. We have also been appointed as Framework Partner by the Environment Agency for a new four year National Engineering & Environmental Consultancy Agreement. This framework contract will support the delivery of a range of capital projects, including flood defence, waterways and water resources.

Outlook

The outlook for the Design and Engineering Solutions segment is positive, especially in the light of continuing high levels of public sector investment. Substantial growth is expected in a number of markets. Local Education Partnerships present significant opportunities for our design operations, which should also benefit from increasing public sector expenditure on health infrastructure. The 2012 London Olympics offer great potential across numerous disciplines, including engineering, landscape, urban design and planning. There are also significant opportunities in the nuclear and defence sectors.

Highways and Transportation

	Six months to 30 September 2005	**Six months to 30 September 2004**
Turnover	£111.7m	£96.5m
Operating profit	£6.0m	£3.9m
Operating margin	5.4%	4.0%
Work in hand	87%	93%
Staff at 30 September	2,730	2,666
Total headcount (including agency staff) at 30 September	3,092	2,938

During the first half of the year the Highways and Transportation business performed strongly, with operating profit increasing by 54% on turnover growth of 16%. Work in hand remains good with 87% of forecast full year turnover secured (2004: 93%). The Highway Services business, which provides regionally-based services to the Highways Agency (HA) performed soundly in the period. We secured one year extensions to our Managing Agent (MA) area contracts covering East Anglia and the North-West and a three year extension as MA contractor for the Midlands. While our MA contract for the South West concluded in June 2005, with a consequential effect on work in hand, we have maintained a strong regional presence and continue to provide intelligent transport systems support to the HA. Our road design and transport planning services remain in demand and these areas performed well in the first half of the year.

Contract wins include our appointment under nine work categories of Transport for London's (TfL) engineering and project management framework. We also recently secured a one year extension to our SA2000 contract with Essex County Council, a joint venture with Siemens for the design and installation of traffic control systems county-wide. During the period we commenced a seven year consultancy partnership with Birmingham City Council which has further strengthened our presence in the Midlands. Innovative use of technology is an increasingly important aspect of our services, particularly relating to the design and implementation of control centres. During the first half of the year we delivered new traffic control centres in the north-west region and Somerset. Our new control centre in Worcester provides 24 hour logistical support to the HA's winter road gritting programme and co-ordination of the 'Amberwatch' missing child scheme. Our work has continued to attract awards, including the highways Street Design Award for the Vauxhall Cross Transport Interchange.

Outlook

Government expenditure on transport continues to grow in the UK, with additional funding being provided from various sources, including the Transport Innovation Fund, which will add £10 billion to the government's transport spending over the next ten years. Our position as the largest consultant in the sector means we are well positioned to win long term, integrated services contracts. We have recently been selected by Gloucestershire County Council as preferred bidder for the provision of highways and transportation services across the county. The contract combines design and operational activities and is likely to generate turnover of approximately £30m per annum for up to ten years.

Rail

	Six months to 30 September 2005	**Six months to 30 September 2004**
Turnover	£87.8m	£97.8m
Operating profit	£1.1m	£6.9m
Operating margin	1.3%	7.1%
Work in hand	98%	90%
Staff at 30 September	1,624	1,740
Total headcount (including agency staff) at 30 September	1,972	2,055

The first half of the year saw the beginning of a market recovery, with workload improved from the second half of 2004/5 but still significantly lower than capacity. Profitability suffered due to the reduced volume of work, the impact of the delays to the Metronet capital programme and the costs of maintaining staff capacity during the temporary market downturn. Despite difficult market conditions some significant contracts were secured in the period, including two major re-signalling schemes for Network Rail (NWR) - Port Talbot and Basingstoke. These projects provide a solid core of work from which we should be able to improve productivity and margins in the remainder of the year. Already 98% of forecast turnover for the year has been secured.

Outlook

Prospects for the UK remain positive in the medium term. The forward expenditure plans of NWR indicate a healthy ongoing level of infrastructure investment. The recent interim determination by the Office of Rail Regulation gave NWR an additional £179m to invest in signalling infrastructure, bringing total signalling investment to £1.7 billion in the period to 2009. However, the market is unlikely to recover in earnest until the first half of 2006/07. In the meantime, bidding activity is high and current opportunities include the East London Line and Crossrail. We are increasingly targeting work from additional sources, such as TfL, the Scottish Executive, and a number of city funded transport initiatives. Our capability leaves us well placed to benefit from the improving market.

Middle East and China

	Six months to 30 September 2005	**Six months to 30 September 2004**
Turnover	£30.5m	£21.6m
Operating profit	£1.5m	£0.8m
Operating margin	4.9%	3.7%
Work in hand	96%	88%
Staff at 30 September	1,406	1,141
Total headcount (including agency staff) at 30 September	1,666	1,427

The Middle East and China segment has continued to flourish, with turnover growth of 41% in the six months to 30 September 2005 at significantly improving margins. The Group now employs over 1,000 staff in the Middle East, up from under 600 just 18 months ago. The buoyancy of the market, driven by higher oil prices, combined with the strength of Atkins' brand in the region, resulted in some significant project wins during the period. In Dubai these include Tiffany Towers, a prestigious office development in the Jumeirah Lakes area, and the Taleem Flagship School, which will serve as a hub for a series of satellite schools. Recent wins in Bahrain include design and supervision work for the Business Bay development and infrastructure design for the new Doha International Airport.

In China our emphasis is increasingly shifting to areas other than Hong Kong. We now have offices in six other locations, with over 350 staff. Generation of new work has been good, underpinned by major urban development and planning projects. These include masterplans for the Shunyi, Yizhuang and Tongzhan new towns. New architectural commissions include five hotel developments in addition to residential and commercial projects nationwide. We have also won a number of airport design projects, an important growth sector. In Shanghai we have been appointed to complete the landscape design of the Pudong North Bund area, a landmark new parkland on the banks of the Huangpu River.

Outlook

The outlook for the remainder of the year is good and secured work represents some 96% of full year forecast turnover. Prospects are encouraging in both markets. In the Middle East, high levels of infrastructure investment look set to continue, regardless of future oil prices, and our market reputation and multi-disciplinary capability should allow us to grow further. In China, economic growth remains strong and is most rapid in the secondary cities where our business is developing a network of offices. China has more than 160 cities with a population in excess one million and these secondary cities offer great potential opportunities. In Hong Kong, trading conditions are improving, with the economy now growing steadily and this is expected to benefit the flow of work. Our investment in China seeks to lay the foundations for a substantial and profitable business.

Management and Project Services

	Six months to 30 September 2005	**Six months to 30 September 2004**
Turnover	£83.5m	£71.2m
Operating profit	£6.1m	£2.9m
Operating margin	7.3%	4.1%
Work in hand	82%	74%
Staff at 30 September	1,952	1,917
Total headcount (including agency staff) at 30 September	2,064	2,012

The performance of Management and Project Services has been strong in the first half of the year. Turnover grew by 17% while margins improved significantly, largely due to improved utilisation of staff and other efficiencies. Workload for the remainder of the year is healthy with 82% of forecast revenue already secured. The Management Consultants division has continued to grow, winning a large volume of work and increasing staff numbers by circa 7%

in the period. Contract wins in the first half of the year included a project to provide technical advisory services for the construction of a new airport in St. Helena and a three year framework contract for the Learning and Skills Council. Growth remains focused on the public sector, with opportunities arising out of government initiatives following the Lyons Inquiry and Gershon Efficiency Review.

The project and cost consultancy division, Faithful & Gould, has started the year well with good growth at higher margins. We have capitalised on opportunities in a number of areas, including the government's Building Schools for the Future initiative. We have continued to generate business in the rail and banking sectors by working alongside other parts of the Group to provide multi-disciplinary services to our clients. The performance of the US business has improved and a number of significant commissions were won in the period.

Outlook

Prospects for the Management and Project Services segment remain positive. The UK public sector consultancy market continues to grow in response to Government's drive to improve the delivery of capital investment plans. There are also attractive management consultancy opportunities overseas and in the private sector. The outlook for Faithful and Gould remains favourable in the UK and much improved in the US, with significant opportunities available in the manufacturing, oil and leisure sectors. Prospects in the UK private sector are good, particularly in banking and leisure.

Asset Management

	Six months to 30 September 2005	**Six months to 30 September 2004**
Turnover	£30.9m	£29.6m
Operating profit/ (loss)	£0.2m	£(0.5)m
Operating margin	0.6%	(1.7)%
Work in hand	83%	92%
Staff at 30 September	812	984
Total headcount (including agency staff) at 30 September	982	1,155

The performance of our Asset Management business showed some improvement during the first half of the year, breaking even after the losses made during 2004/05. Work in hand for the remainder of the year is fair with 83% of forecast turnover already secured.

The defence side of the business has performed satisfactorily. Certain of our existing MoD contracts have been extended and additional work commissioned in advance of the introduction of the MoD's new Prime Contracts. However, the forthcoming expiry of the current contracts has impacted on work in hand. Our Colchester Garrison Joint Venture is progressing well. Our appointment as a Tier 1 provider to Barclays to deliver an integrated project, facilities and estates management service demonstrates both the demand in the market and our ability to secure broader based contracts.

Outlook

The Asset Management business is not a part of the Group's growth strategy but has potential as a profitable niche business.

Equity Investments

	Six months to 30 September 2005	**Six months to 30 September 2004**
Turnover	£34.2m	£29.5m
Operating profit	£1.3m	£1.5m
Operating margin	3.8%	5.1%
Staff at 30 September	875	881
Total headcount (including agency staff) at 30 September	875	882

The results of the Equity Investments segment largely relate to Lambert Smith Hampton (LSH), the Group's commercial property business, which performed satisfactorily in the first half of the year. The fall in operating margin for the half year relates to non-recurring costs associated with the relocation of certain offices. The investment division concluded a number of significant transactions, including the sale of the Euston estate by the Scarborough Group. LSH also acted for Tesco in relation to two major distribution property transactions. There were some significant successes in consultancy services, including the award of an outsourced property services contract for Northamptonshire County Council and instructions for nationwide rating advice on behalf of Reg Vardy and Inchcape.

Outlook

The outlook for property markets is generally positive for the current year. Demand for investment property remains strong, though this is likely to ease in response to reduced returns. Market conditions in the office sector are improving as demand strengthens and availability levels fall. The levelling of consumer spending may impact on the retail sector, although distribution warehousing is currently proving a growth area. LSH is well placed to benefit from these trends, providing a full range of commercial property advice across its nationwide network.

Metronet

During the last six months Metronet's new management team has focused on implementing the organisational changes necessary to advance the recovery of the initial 7½ year capital programme within the 30 year concession. These changes include the integration of the supply chain management team into Metronet and a reduction in headcount. As part of this reorganisation, Atkins has continued to support the Metronet management team and has seconded a number of senior staff into the project. Considerable improvements have been made over the last six months in terms of process and productivity. It will, however, take a significant time for this to effect full recovery of the capital programme.

The Group's results from Metronet for the six months to 30 September 2005 were impacted by delays to the capital programme, by inconsistent operational performance and restructuring costs. The performance of the capital programme has also affected the results of our supply chain.

Outlook

The recovery of the capital programme and the improvement of the day to day operational performance of the Underground remain crucial to the eventual success and realisation of value from the project. Metronet's new management team is carrying out a detailed review of the complex and challenging capital programme. Whilst progress has been made over the last six months, it will take some time to evidence any significant recovery. As previously stated, these issues must be satisfactorily addressed if the Group's returns from Metronet are not to be impacted at all levels, including the final value of the investment.

Income statement

The results for the six months to 30 September 2005 are summarised below.

	Six months to 30 September 2005 **£m**	**Six months to 30 September 2004 Pro forma** **£m**	**Six months to 30 September 2004** **£m**
Group Profit before tax	24.0	20.7	20.7
Joint Venture Profit before tax	6.2	8.0	7.3
Profit before tax *(before JV tax)*	**30.2**	**28.7**	**28.0**
Joint Venture tax	(2.0)	(2.7)	(2.6)
Profit before tax	**28.2**	**26.0**	**25.4**
Taxation	(7.0)	(6.2)	(6.2)
Profit for the period	**21.2**	**19.8**	**19.2**

PFI/PPP bid costs

PFI/PPP bid costs during the six months ended 30 September 2005 amounted to £1.2m (2004: £0.1m). The costs mainly related to bidding activity on the Birmingham Highways PFI and the Royal School of Military Engineering (RSME) project, where the Group is preferred bidder. Bid costs on the RSME project will continue to be expensed until the Group is virtually certain that it will reach financial close.

Taxation

The Group's underlying tax rate for the period (including the tax on the Group's joint ventures) was 29.8% compared to 31.4% for the six months ended 30 September 2004 (31.0% on a pro forma basis) and 31.8% (excluding the effect of the goodwill impairment) for the year ended 31 March 2005. The reduction in the Group's underlying tax rate is mainly due to the benefit of tax credits in respect of research and development expenditure.

Pensions

Funding

In 2004 the Group reached agreement with its employees and the trustees of the pension scheme regarding the funding of the actuarial deficit. That agreement required the Group to pay £4.3m per annum into the scheme as deficit funding. In order to reduce the actuarial deficit more rapidly, the Group last year announced that it intended to accelerate the payment of its contributions. Accelerated contributions will amount to £20.0m for the year ending 31 March 2006 (2005: £8.6m). Some £7.2m was paid into the scheme in the six months to 30 September 2005. The total projected deficit funding for the year ending 31 March 2006 is £24.3m.

IAS 19

The application of IFRS has had a significant impact on accounting for the Group's defined benefit pension schemes. Under IAS 19, *Employee Benefits*, the Group recognised a post tax retirement benefit liability of £195.0m at 30 September 2005 (2004: £182.3m). The Group has adopted early the proposed amendment to IAS 19 and has recognised through equity a post tax actuarial loss of £12.5m for the six months ended 30 September 2005 (2004: £11.0m).

The key assumptions used in the IAS 19 valuation are detailed in note 11 to the interim financial statements. The sensitivities regarding these assumptions are shown below.

Assumption	**Change in assumption**	**Indicative effect on the scheme's liabilities**
Discount rate	Increase/decrease by 0.5%	Decrease/increase by 10%
Rate of inflation	Increase/decrease by 0.5%	Increase/decrease by 6.5%
Real rate of increase in salaries	Increase/decrease by 0.5%	Increase/decrease by 2%
Longevity	Increase by 1 year	Increase by 4%

Events after the balance sheet date

In line with the Group's stated strategy to recycle cash invested in PFI project companies at the appropriate time, the Group has disposed of its 25% stake in South Manchester Healthcare (Holdings) Limited. The disposal was completed on 23 November 2005 for a consideration of £7.8m and will result in a profit of £5.7m within the full year results to 31 March 2006.

Ed Wallis
Chairman

Keith Clarke
Chief Executive

29 November 2005

Consolidated income statement for the six months ended 30 September 2005 (unaudited)

	Notes	**Six months to 30 Sept 2005 £m**	Six months to 30 Sept 2004 £m	Twelve months to 31 March 2005 £m
Revenue (Group and share of Joint Ventures)		**676.7**	544.2	1,157.3
Less: Share of revenue from Joint Ventures	3	**(160.6)**	(80.8)	(202.3)
Revenue	2	**516.1**	463.4	955.0
Cost of sales		**(321.2)**	(279.7)	(579.3)
Gross profit		**194.9**	183.7	375.7
Administrative expenses		**(169.0)**	(160.2)	(332.7)
Operating profit	2	**25.9**	23.5	43.0
Share of post-tax profits from Joint Ventures	3	**4.2**	4.7	10.2
Profit from operations		**30.1**	28.2	53.2
Finance income		**4.0**	2.5	6.8
Finance cost		**(5.9)**	(5.3)	(10.7)
Net finance cost	4	**(1.9)**	(2.8)	(3.9)
Profit before taxation		**28.2**	25.4	49.3
Taxation	5	**(7.0)**	(6.2)	(14.1)
Profit for the period from continuing operations		**21.2**	19.2	35.2
Profit for the period from discontinued operations		**-**	-	3.7
Profit for the period attributable to equity shareholders		**21.2**	19.2	38.9
Basic earnings per share				
- continuing operations		**21.3p**	19.4p	35.5p
- discontinued operations		**-**	-	3.7p
	6	**21.3p**	19.4p	39.2p
Fully diluted earnings per share				
- continuing operations		**21.0p**	19.1p	35.0p
- discontinued operations		**-**	-	3.7p
	6	**21.0p**	19.1p	38.7p
Dividends recognised in the period – paid	7	**8.0p**	7.0p	11.0p
Dividends proposed for the period – proposed	7	**4.5p**	4.0p	8.0p

The notes on pages 15 to 22 form part of the interim financial information.

Consolidated balance sheet as at 30 September 2005 (unaudited)

	Notes	**30 Sept 2005 £m**	30 Sept 2004 £m	31 March 2005 £m
Assets				
Non-current assets				
Goodwill		**29.7**	36.8	29.3
Intangible assets		**11.5**	13.4	10.8
Property, plant and equipment		**35.4**	32.3	34.2
Investments in Joint Ventures		**35.8**	33.9	41.6
Investments		**20.1**	20.1	20.1
Deferred tax assets		**98.9**	91.2	93.7
Trade and other receivables		**2.0**	2.7	2.7
		233.4	230.4	232.4
Current assets				
Inventories		**0.3**	0.4	0.2
Trade and other receivables		**230.1**	198.8	266.7
Assets held for sale	10	**2.0**	-	-
Investments		**93.8**	19.6	77.5
Cash and cash equivalents	9	**51.2**	83.9	48.2
		377.4	302.7	392.6
Liabilities				
Current liabilities				
Borrowings		**(2.7)**	(1.9)	(2.6)
Trade and other payables		**(291.2)**	(246.3)	(332.7)
Current tax liabilities		**(14.7)**	(9.7)	(10.8)
Provisions		**(2.6)**	(2.3)	(2.8)
		(311.2)	(260.2)	(348.9)
Net current assets		**66.2**	42.5	43.7
Non-current liabilities				
Borrowings		**(35.2)**	(33.2)	(21.5)
Provisions		**(12.1)**	(8.9)	(11.1)
Retirement benefit liabilities	11	**(278.9)**	(260.4)	(261.9)
Other non-current liabilities		**(24.7)**	(28.6)	(26.5)
		(350.9)	(331.1)	(321.0)
Net liabilities		**(51.3)**	(58.2)	(44.9)
Capital and reserves				
Ordinary shares		**0.5**	0.5	0.5
Share premium account		**62.4**	62.3	62.4
Capital redemption reserve		**0.2**	0.2	0.2
Merger reserve		**8.7**	8.7	8.7
Retained loss		**(123.1)**	(129.9)	(116.7)
Equity shareholders' deficit		**(51.3)**	(58.2)	(44.9)

The notes on pages 15 to 22 form part of the interim financial information.

Consolidated statement of recognised income and expense for the six months ended 30 September 2005 (unaudited)

	Notes	**Six months to 30 Sept 2005 £m**	Six months to 30 Sept 2004 £m	Twelve months to 31 March 2005 £m
Profit for the period		**21.2**	19.2	38.9
Actuarial loss on retirement benefit liabilities	11	**(12.5)**	(11.0)	(15.2)
Share of Joint Venture financial derivatives		**(3.4)**	-	-
Differences on exchange		**0.3**	0.6	(0.2)
Total recognised income for the period attributable to equity shareholders		**5.6**	8.8	23.5

The amounts above are shown net of tax.

Consolidated statement of changes in equity for the six months ended 30 September 2005 (unaudited)

	Notes	**Six months to 30 Sept 2005 £m**	Six months to 30 Sept 2004 £m	Twelve months to 31 March 2005 £m
Opening equity shareholders' deficit		**(44.9)**	(62.8)	(62.8)
Adoption of IAS 39 and IFRIC D12 to D14	1	**(6.2)**	-	-
Opening equity shareholders' deficit restated		**(51.1)**	(62.8)	(62.8)
Profit for the period		**21.2**	19.2	38.9
Dividends	7	**(7.9)**	(6.9)	(10.8)
Actuarial loss on retirement benefit liabilities	11	**(12.5)**	(11.0)	(15.2)
Employee Benefit Trusts		**2.1**	2.7	5.1
Share of Joint Venture financial derivatives		**(3.4)**	-	-
Differences on exchange		**0.3**	0.6	(0.2)
Issue of shares		**-**	-	0.1
Closing equity shareholders' deficit		**(51.3)**	(58.2)	(44.9)

The amounts above are shown net of tax.

The notes on pages 15 to 22 form part of the interim financial information.

Consolidated cash flow statement for the six months ended 30 September 2005 (unaudited)

	Notes	**Six months to 30 Sept 2005 £m**	Six months to 30 Sept 2004 £m	Twelve months to 31 March 2005 £m
Cash flows from operating activities				
Cash generated from operations	8	**29.3**	26.6	88.1
Interest received		**3.7**	2.7	7.0
Interest paid		**(1.3)**	(0.9)	(2.4)
Tax paid		**(2.5)**	(9.8)	(18.3)
Net cash from operating activities		**29.2**	18.6	74.4
Cash flows from investing activities				
Dividends received from Joint Ventures		**2.6**	1.8	3.6
Investment in Metronet		**(5.6)**	(5.6)	(11.1)
Purchases of fixed assets		**(6.0)**	(1.6)	(14.5)
Proceeds from disposal of tangible fixed assets		**0.3**	0.5	2.1
Proceeds from disposal of fixed asset investments		**-**	0.1	5.6
Current asset investments		**(16.2)**	(9.7)	(67.5)
Purchases of intangible assets		**(4.3)**	(3.7)	(5.5)
Net cash used in investing activities		**(29.2)**	(18.2)	(87.3)
Cash flows from financing activities				
Proceeds from issue of ordinary shares		**-**	-	0.1
Redemption of loan stock		**-**	(0.1)	(0.7)
Long-term loans		**11.7**	(2.0)	(12.6)
Finance lease principal payments		**(1.2)**	(1.2)	(2.9)
Sales of own shares by Employee Benefit Trusts		**0.1**	0.1	1.2
Equity dividends paid to shareholders		**(7.8)**	-	(10.7)
Net cash generated from/(used in) financing activities		**2.8**	(3.2)	(25.6)
Effects of exchange rate changes		**0.2**	0.5	0.5
Net increase/(decrease) in cash and cash equivalents		**3.0**	(2.3)	(38.0)
Cash and cash equivalents at beginning of period		**48.2**	86.2	86.2
Cash and cash equivalents at end of period	9	**51.2**	83.9	48.2

The notes on pages 15 to 22 form part of the interim financial information.

Notes to the financial statements for the period ended 30 September 2005 (unaudited)

1. Basis of preparation

This interim financial information, which is abridged, is for the six months to 30 September 2005. All periods presented are unaudited. The information contained in these statements in relation to the year ended 31 March 2005 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the audited and unqualified statutory accounts for that year, which were prepared under UK Generally Accepted Accounting Principles (GAAP), has been delivered to the Registrar of Companies. The interim financial information, including all comparatives, has been prepared under International Financial Reporting Standards (IFRS). These statements are covered by IFRS 1, *First-time adoption of International Financial Reporting Standards,* as they form part of the period included in the Group's first IFRS financial statements for the year ending 31 March 2006.

The same accounting policies have been applied as published by the Group in its news release on 21 July 2005 which is available on the Group's website at http://www.atkinsglobal.com. The standards currently in issue and adopted by the EU, together with interpretations issued by IFRIC, are subject to ongoing review and possible amendment or further interpretive guidance and are therefore still subject to change. The accounting policies have been consistently applied to all periods presented except in relation to IAS 39 and IFRIC D12 to D14, as permitted by IFRS 1. The impact of the adoption of IAS 39 and an indication of the impact of the proposed treatment under IFRIC D12 to D14 for the comparative periods has been included in note 12 of the interim financial information.

The income statement for the six months to 30 September 2004 includes reclassification of £19.7m from cost of sales to administrative expenses. The segmental analysis for the six months to 30 September 2004 contains certain reclassifications to ensure comparability with the segmental analyses for the year ended 31 March 2005 and the six months to 30 September 2005.

2. Segmental reporting – business segments

Six months to 30 Sept 2005	**Total revenue £m**	**Inter-segment revenue £m**	**Revenue £m**	**Operating profit £m**	**Operating margin %**	**Joint Ventures £m**
Design and Engineering Solutions	**145.0**	**(7.5)**	**137.5**	**10.9**	**7.9 %**	**(0.1)**
Highways and Transportation	**119.4**	**(7.7)**	**111.7**	**6.0**	**5.4 %**	**0.6**
Rail	**94.5**	**(6.7)**	**87.8**	**1.1**	**1.3 %**	**-**
Middle East and China	**30.6**	**(0.1)**	**30.5**	**1.5**	**4.9 %**	**-**
Management and Project Services	**87.2**	**(3.7)**	**83.5**	**6.1**	**7.3 %**	**-**
Asset Management	**31.4**	**(0.5)**	**30.9**	**0.2**	**0.6 %**	**-**
Equity Investments	**34.3**	**(0.1)**	**34.2**	**1.3**	**3.8 %**	**3.7**
Total before bid costs	**542.4**	**(26.3)**	**516.1**	**27.1**	**5.3 %**	**4.2**
PFI/PPP bid costs	**-**	**-**	**-**	**(1.2)**	**n/a**	**-**
Total continuing segments	**542.4**	**(26.3)**	**516.1**	**25.9**	**5.0 %**	**4.2**
Discontinued segments	**-**	**-**	**-**	**-**	**-**	**-**
Total for Group	**542.4**	**(26.3)**	**516.1**	**25.9**	**5.0 %**	**4.2**

Six months to 30 Sept 2004	Total revenue £m	Inter-segment revenue £m	Revenue £m	Operating Profit £m	Operating margin %	Joint Ventures £m
Design and Engineering Solutions	126.2	(9.0)	117.2	8.1	6.9 %	-
Highways and Transportation	103.5	(7.0)	96.5	3.9	4.0 %	0.3
Rail	106.5	(8.7)	97.8	6.9	7.1 %	-
Middle East and China	21.6	-	21.6	0.8	3.7 %	-
Management and Project Services	73.4	(2.2)	71.2	2.9	4.1 %	0.3
Asset Management	30.3	(0.7)	29.6	(0.5)	(1.7)%	-
Equity Investments	29.5	-	29.5	1.5	5.1 %	4.1
Total before bid costs	491.0	(27.6)	463.4	23.6	5.1 %	4.7
PFI/PPP bid costs	-	-	-	(0.1)	n/a	-
Total continuing segments	491.0	(27.6)	463.4	23.5	5.1 %	4.7
Discontinued segments	-	-	-	-	-	-
Total for Group	491.0	(27.6)	463.4	23.5	5.1 %	4.7

Twelve months to 31 March 2005	Total revenue £m	Inter-segment revenue £m	Revenue £m	Operating profit £m	Operating margin %	Joint Ventures £m
Design and Engineering Solutions	261.8	(17.4)	244.4	21.0	8.6 %	0.1
Highways and Transportation	220.6	(13.8)	206.8	9.6	4.6 %	0.5
Rail	206.7	(19.1)	187.6	8.9	4.7 %	-
Middle East and China	44.0	-	44.0	2.1	4.8 %	-
Management and Project Services	156.8	(4.6)	152.2	2.3	1.5 %	0.4
Asset Management	59.5	(0.9)	58.6	(4.7)	(8.0)%	-
Equity Investments	61.4	-	61.4	4.3	7.0 %	9.1
Total before bid costs	1,010.8	(55.8)	955.0	43.5	4.6 %	10.1
PFI/PPP bid costs	-	-	-	(0.5)	n/a	-
Total continuing segments	1,010.8	(55.8)	955.0	43.0	4.5 %	10.1
Discontinued segments	-	-	-	-	-	0.1
Total for Group	1,010.8	(55.8)	955.0	43.0	4.5 %	10.2

3. Joint Ventures

Share of post-tax profits from Joint Ventures

Six months to 30 Sept 2005

	Metronet £m	**Other continuing £m**	**Total continuing £m**	**Discontinued £m**	**Total £m**
Revenue	**109.8**	**48.8**	**158.6**	**2.0**	**160.6**
Operating expenditure	**(105.7)**	**(46.6)**	**(152.3)**	**(1.8)**	**(154.1)**
Operating profit	**4.1**	**2.2**	**6.3**	**0.2**	**6.5**
Finance cost	**(7.7)**	**(2.3)**	**(10.0)**	**(0.8)**	**(10.8)**
Finance income	**7.1**	**2.4**	**9.5**	**1.0**	**10.5**
Profit before taxation	**3.5**	**2.3**	**5.8**	**0.4**	**6.2**
Taxation	**(1.2)**	**(0.6)**	**(1.8)**	**(0.2)**	**(2.0)**
Share of Joint Venture profit after taxation	**2.3**	**1.7**	**4.0**	**0.2**	**4.2**

Six months to 30 Sept 2004

	Metronet £m	Other continuing £m	Total continuing £m	Discontinued £m	Total £m
Revenue	52.2	25.1	77.3	3.5	80.8
Operating expenditure	(43.5)	(23.0)	(66.5)	(2.4)	(68.9)
Operating profit	8.7	2.1	10.8	1.1	11.9
Finance cost	(6.9)	(2.2)	(9.1)	(1.5)	(10.6)
Finance income	3.6	1.6	5.2	0.8	6.0
Profit before taxation	5.4	1.5	6.9	0.4	7.3
Taxation	(2.1)	(0.3)	(2.4)	(0.2)	(2.6)
Share of Joint Venture profit after taxation	3.3	1.2	4.5	0.2	4.7

Twelve months to 31 March 2005

	Metronet £m	Other continuing £m	Total continuing £m	Discontinued £m	Total £m
Revenue	135.5	62.0	197.5	4.8	202.3
Operating expenditure	(118.1)	(56.7)	(174.8)	(4.3)	(179.1)
Operating profit	17.4	5.3	22.7	0.5	23.2
Finance cost	(15.0)	(3.6)	(18.6)	(2.6)	(21.2)
Finance income	7.6	3.1	10.7	3.2	13.9
Profit before taxation	10.0	4.8	14.8	1.1	15.9
Taxation	(3.4)	(1.5)	(4.9)	(0.8)	(5.7)
Share of Joint Venture profit after taxation	6.6	3.3	9.9	0.3	10.2

4. Net finance cost

	Six months to 30 Sept 2005 £m	Six months to 30 Sept 2004 £m	Twelve months to 31 March 2005 £m
Interest payable on borrowings	**0.6**	0.4	1.2
Letters of credit charges	**1.0**	1.7	2.6
Net finance cost on retirement benefit liabilities	**3.5**	2.7	5.4
Other	**0.8**	0.5	1.5
Finance cost	**5.9**	5.3	10.7
Finance income	**(4.0)**	(2.5)	(6.8)
Net finance cost	**1.9**	2.8	3.9

5. Taxation

a) Analysis of charge in the period

	Six months to 30 Sept 2005 £m	Six months to 30 Sept 2004 £m	Twelve months to 31 March 2005 £m
Taxation charge per income statement	**7.0**	6.2	14.1
Add:			
- Joint Venture taxation charge	**2.0**	2.6	5.7
Underlying taxation charge	**9.0**	8.8	19.8
Profit per income statement	**28.2**	25.4	49.3
Add:			
- Joint Venture taxation charge	**2.0**	2.6	5.7
- Impairment of goodwill	**-**	-	7.2
Profit before taxation adjusted for Joint Venture taxation and impairment of goodwill	**30.2**	28.0	62.2
Effective taxation rate	**29.8%**	31.4%	31.8%

5. **Taxation (continued)**

b) Taxation credit on items charged to equity

	Six months to 30 Sept 2005 £m	Six months to 30 Sept 2004 £m	Twelve months to 31 March 2005 £m
Actuarial loss on retirement benefit liabilities	**5.3**	4.5	6.4
Employee Benefit Trusts	**0.5**	0.2	0.1

6. **Earnings per share**

Basic earnings per share 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.

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 options relate to the SAYE schemes, Equity Participation Plans and Long Term Incentive Plans.

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

	Six months to 30 Sept 2005 Number ('000)	Six months to 30 Sept 2004 Number ('000)	Twelve months to 31 March 2005 Number ('000)
Number of shares			
Weighted average number of shares used in basic EPS	**99,448**	98,999	99,064
Effect of dilutive securities			
- Share options	**1,299**	1,411	1,486
Weighted average number of shares used in fully diluted EPS	**100,747**	100,410	100,550
	£m	£m	£m
Earnings			
- continuing operations	**21.2**	19.2	35.2
- discontinued operations	**-**	-	3.7
	21.2	19.2	38.9
	pence	pence	pence
Basic earnings per share			
- continuing operations	**21.3p**	19.4p	35.5p
- discontinued operations	**-**	-	3.7p
	21.3p	19.4p	39.2p
Fully diluted earnings per share			
- continuing operations	**21.0p**	19.1p	35.0p
- discontinued operations	**-**	-	3.7p
	21.0p	19.1p	38.7p

7. **Dividends**

	Six months to 30 Sept 2005 £m	Six months to 30 Sept 2004 £m	Twelve months to 31 March 2005 £m
Dividends			
- recognised in the period	**7.9**	6.9	10.8
- proposed for the period	**4.5**	3.9	7.9
	pence	pence	pence
Dividend per share			
- recognised in the period	**8.0p**	7.0p	11.0p
- proposed for the period	**4.5p**	4.0p	8.0p

8. Cash generated from operations

	Six months to 30 Sept 2005 £m	Six months to 30 Sept 2004 £m	Twelve months to 31 March 2005 £m
Continuing operations			
Profit for the period	**21.2**	19.2	35.2
Adjustments for:			
Taxation	**7.0**	6.2	13.8
Finance income	**(4.0)**	(2.5)	(6.8)
Finance cost	**5.9**	5.3	10.7
Share of post-tax profits from Joint Ventures	**(4.2)**	(4.7)	(10.2)
Depreciation charges	**6.8**	8.2	19.1
Amortisation charges	**3.6**	4.0	8.7
Release of deferred income	**(0.4)**	(0.4)	(0.8)
Impairment of goodwill	**-**	-	7.2
Share options charge	**1.5**	1.3	1.6
Profit on disposal of tangible fixed assets	**-**	(0.4)	(0.4)
Movement in provisions	**0.5**	0.4	2.8
Movement in working capital	**(8.6)**	(12.0)	2.9
	29.3	24.6	83.8
Amounts due to sub-contractors	**-**	2.0	4.0
Cash generated from continuing operations	**29.3**	26.6	87.8
Discontinued operations			
Profit for the period	**-**	-	3.7
Taxation	**-**	-	0.3
Investments in Joint Ventures	**-**	-	(0.9)
Movement in working capital	**-**	-	(2.8)
Cash generated from discontinued operations	**-**	-	0.3
Cash generated from operations	**29.3**	26.6	88.1

9. Analysis of net funds

	At 31 March 2005 £m	Cash flow £m	Other non-cash changes £m	Exchange movement £m	**At 30 Sept 2005 £m**	At 30 Sept 2004 £m
Cash at bank and in hand	27.8	2.9		0.2	**30.9**	66.7
Investments	97.6	16.2	0.1	-	**113.9**	39.7
Debt due within one year	-	-	-	-	**-**	(0.6)
Debt due after one year	(10.5)	(11.7)	-	(1.1)	**(23.3)**	(21.2)
Finance leases	(13.6)	1.2	(2.2)	-	**(14.6)**	(13.3)
Net funds	101.3	8.6	(2.1)	(0.9)	**106.9**	71.3
Cash held on behalf of sub-contractors	16.0	-	-	-	**16.0**	14.0
EBT – cash	4.4	(0.1)	-	-	**4.3**	3.2
	121.7	8.5	(2.1)	(0.9)	**127.2**	88.5
Cash as shown on the balance sheet and cash flow:						
Cash at bank and in hand	27.8	2.9	-	0.2	**30.9**	66.7
Cash held on behalf of sub-contractors	16.0	-	-	-	**16.0**	14.0
Employee Benefit Trusts	4.4	(0.1)	-	-	**4.3**	3.2
Cash and cash equivalents	48.2	2.8	-	0.2	**51.2**	83.9

10. Events after the balance sheet date

In line with the Group's stated strategy to recycle cash invested in PFI project companies at the appropriate time, the Group has disposed of its 25% stake in South Manchester Healthcare (Holdings) Limited. The disposal was completed on 23 November 2005 for a consideration of £7.8m and will result in a profit of £5.7m within the full year results to 31 March 2006. The carrying value of the investment at the period end has been reclassified under Assets held for sale within the consolidated balance sheet.

11. Pension schemes

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. Other pension schemes include the Atkins McCarthy Pension Scheme in the Republic of Ireland (closed to new entrants) and a range of defined contribution schemes or equivalent.

The defined benefit section of the Atkins Pension Plan is closed to new entrants, who are now offered membership of the defined contribution section.

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 2005	30 Sept 2004	31 March 2005
Price inflation	**2.75%**	2.75%	2.80%
Rate of increase of pensions in payment			
- Fixed	**5.00%**	5.00%	5.00%
- Limited Price Indexation	**2.75%**	2.75%	2.80%
Real rate of increase in salaries	**1.50%**	1.50%	1.50%
Rate of increase for deferred pensioners	**2.75%**	2.75%	2.80%
Discount rate	**5.00%**	5.50%	5.40%
Longevity at age 65 for current pensioners			
- Men	**18.2 years**	18.2 years	18.2 years
- Women	**21.2 years**	21.2 years	21.2 years
Longevity at age 65 for future pensioners			
- Men	**19.0 years**	19.0 years	19.0 years
- Women	**21.9 years**	21.9 years	21.9 years

The components of the IAS 19 pension cost are as follows:

	Six months to 30 Sept 2005 £m	Six months to 30 Sept 2004 £m	Twelve months to 31 March 2005 £m
Operating profit			
Service cost	**9.0**	10.0	19.8
Finance cost/(income)			
Finance cost	**21.5**	18.9	37.8
Expected return on plan assets	**(18.0)**	(16.2)	(32.4)
Net finance cost	**3.5**	2.7	5.4
Total charge to income statement	**12.5**	12.7	25.2
Statement of recognised income and expense			
Gain/(loss) on pension scheme assets	**43.4**	(6.3)	12.8
Gain/(loss) on pension scheme liabilities	**8.0**	(10.2)	(12.3)
Changes in assumptions	**(66.2)**	-	(22.6)
	(14.8)	(16.5)	(22.1)
Members' share of actuarial (gain)/loss	**(3.0)**	1.0	0.5
Actuarial loss	**(17.8)**	(15.5)	(21.6)
Deferred taxation credit to equity	**5.3**	4.5	6.4
Actuarial loss (net of deferred tax)	**(12.5)**	(11.0)	(15.2)

	Six months to 30 Sept 2005 £m	Six months to 30 Sept 2004 £m	Twelve months to 31 March 2005 £m
Defined benefit obligation	**(928.7)**	(788.1)	(840.5)
Fair value of plan assets	**640.0**	515.2	566.3
	(288.7)	(272.9)	(274.2)
Members' share of deficit	**9.8**	12.5	12.3
Retirement benefit liabilities	**(278.9)**	(260.4)	(261.9)

Movements in the retirement benefit liabilities are as follows:

	Six months to 30 Sept 2005 £m	Six months to 30 Sept 2004 £m	Twelve months to 31 March 2005 £m
At beginning of period	**(261.9)**	(240.9)	(240.9)
Service cost	**(9.0)**	(10.0)	(19.8)
Net finance cost	**(3.5)**	(2.7)	(5.4)
Contributions	**13.3**	8.7	25.8
Actuarial loss	**(17.8)**	(15.5)	(21.6)
At end of period	**(278.9)**	(260.4)	(261.9)

11. Pension schemes (continued)

Under the Atkins Pension Plan there was a retirement benefit liability before tax of £263.8m as at 30 September 2005 (30 September 2004: £241.3m; 31 March 2005: £243.1m) which represented £184.2m after deferred tax (30 September 2004: £168.9m; 31 March 2005: £170.2m).

Under the Railways Pension Scheme there was a retirement benefit liability before tax of £14.7m as at 30 September 2005 (30 September 2004: £18.7m; 31 March 2005: £18.5m) which represented £10.4m after deferred tax (30 September 2004: £13.0m; 31 March 2005: £12.9m).

The Group has adopted early the proposed amendment to IAS 19, *Employee Benefits*, on the assumption it will be endorsed by the European Union by the reporting date for the year ending 31 March 2006, and has recognised all actuarial gains and losses directly through equity. Actuarial losses reported within the statement of recognised income and expense are £17.8m for the six months ended 30 September 2005 (6 months to 30 September 2004: £15.5m; 12 months to 31 March 2005: £21.6m) before tax and £12.5m net of deferred tax (6 months to 30 September 2004: £11.0m; 12 months to 31 March 2005: £15.2m).

12. Reconciliation of profit and equity under UK GAAP to IFRS

The Group reported under UK GAAP in its previously published financial statements for the year ended 31 March 2005. As required by IFRS 1, *First time adoption of IFRS*, the analysis below shows a reconciliation of profit and equity as reported under UK GAAP as at 31 March 2005 and 30 September 2004 to the revised profit and equity under IFRS as reported in this interim financial information. In addition, a reconciliation of equity under UK GAAP to IFRS as at the transition date of 1 April 2004 is shown. Further information can be found on the Group's website at http://www.atkinsglobal.com.

As permitted by IFRS 1*, First time adoption of IFRS*, the Group has elected to adopt IAS 32, *Financial instruments: Disclosure and presentation*, and IAS 39, *Financial Instruments: Recognition and measurement*, prospectively from 1 April 2005. Hence the comparative figures have not been restated.

The draft interpretations issued by IFRIC, D12 to D14, on accounting for service concessions were not applicable to the periods ended 31 March 2005 or 30 September 2004 and hence the comparative figures have not been restated.

The impact of adoption of IAS 39, *Financial Instruments: Recognition and measurement*, and the IFRIC draft interpretations D12 to D14 on the Group's profit after tax and net assets if they had been implemented in the periods shown have been included in the table below as pro forma adjustments.

Reconciliation of profit	Notes	Six months to 30 Sept 2004 £m	Twelve months to 31 March 2005 £m
Profit on ordinary activities after taxation under UK GAAP		17.0	38.6
Effect of transition to IFRS:			
-Lease incentives	a	(0.6)	(0.9)
-Retirement benefit liabilities	b	(2.5)	(5.2)
-Intangible assets	c	0.8	1.6
-Share based payments	d	0.7	0.6
-Goodwill	e	3.8	4.2
Profit for the period attributable to equity shareholders under IFRS		19.2	38.9
Pro forma adjustments:			
-IAS 39 and IFRIC D12 to D14	g	0.6	2.0
Pro forma profit for the period attributable to equity shareholders under IFRS		19.8	40.9

Reconciliation of equity	Notes	As at 1 April 2004 £m	As at 30 Sept 2004 £m	As at 31 March 2005 £m
Total equity presented under UK GAAP		88.7	103.6	118.2
Effect of transition to IFRS:				
-Lease incentives	a	(2.9)	(3.5)	(3.8)
-Retirement benefit liabilities	b	(152.2)	(165.7)	(172.5)
-Intangible assets	c	(6.2)	(5.4)	(4.6)
-Share based payments	d	4.7	5.1	5.7
-Goodwill	e	-	3.8	4.2
-Dividends	f	6.9	3.9	7.9
Total equity presented under IFRS		(61.0)	(58.2)	(44.9)
Pro forma adjustments:				
-IAS 39 and IFRIC D12 to D14	g	(1.8)	(6.9)	(6.2)
Pro forma total equity presented under IFRS		(62.8)	(65.1)	(51.1)

12. Reconciliation of profit and equity under UK GAAP to IFRS (continued)

Notes

a. Lease incentives

Under UK GAAP, lease incentives were amortised over the period from inception of the lease until the first rent review. Under IAS 17, *Leases*, lease incentives are amortised over the whole lease term. As a result, net assets as at 31 March 2005 decreased by £3.8m (30 September 2004: £3.5m; 1 April 2004: £2.9m) and profit before tax decreased for the year ended 31 March 2005 by £1.3m (6 months to 30 September 2004: £0.9m).

b. Retirement benefit liabilities

Under UK GAAP, the Group accounted for retirement benefit liabilities under SSAP 24, *Accounting for pension costs*. The cost of providing defined benefit pensions was charged against operating profit. Under IAS 19, *Employee benefits*, the cost of providing pension benefits and the retirement benefit obligation are determined annually by independent actuaries. The interest arising on the projected obligations and the returns on the schemes' assets is recognised in net finance income/cost. Actuarial gains and losses are recognised in the statement of recognised income and expense in the period in which they occur. As a result, net assets were decreased by £172.5m as at 31 March 2005 (30 September 2004: £165.7m; 1 April 2004: £152.2m) and profit before tax was decreased by £7.4m for the year ended 31 March 2005 (6 months to 30 September 2004: £3.6m).

c. Intangible assets

Under UK GAAP, the software relating to the Group's corporate information systems was treated as part of the associated hardware as a tangible fixed asset. Under IAS 38, *Intangible assets*, software is treated as an intangible asset unless it is an integral part of the related hardware. Hence the remaining value of the Group's corporate information systems was re-classified as an intangible asset on transition to IFRS. On transition, the Group's corporate information systems were written down by £8.9m, reducing the annual amortisation charge by £2.3m, due to the differing treatment of internally generated development costs under IFRS. In addition, other software licences previously classified as prepayments within debtors have been re-classified as intangible assets. As a result the profit before tax for the year ended 31 March 2005 increased by £2.3m (6 months to 30 September 2004: £1.1m) and net assets reduced by £4.6m as at 31 March 2005 (30 September 2004: £5.4m; 1 April 2004: £6.2m), being the £8.9m write down of the corporate information systems, reduced amortisation of £2.3m (30 September 2004: £1.1m) and the associated deferred tax asset of £2.0m (30 September 2004: £2.4m; 1 April 2004: £2.7m).

d. Share based payments

Under UK GAAP, the cost recognised in respect of share options was based on the share price of the underlying shares at the date of grant. The cost was spread over the vesting period for all schemes, except the Deferred Bonus Plan (DBP) which was charged in full in the year the performance was measured. Under IFRS 2, *Share-based payments*, the cost, which is based on the fair value of the options, is spread over the vesting and performance period for all schemes granted after 7 November 2002. As a result the profit before tax for the year ended 31 March 2005 increased by £0.8m (6 months to 30 September 2004: £1.0m) and net assets increased by £5.7m (30 September 2004: £5.1m; 1 April 2004: £4.7m) to reflect the release of the accumulated accrual in respect of the DBP scheme.

e. Goodwill

Under UK GAAP, goodwill was amortised on a straight-line basis over its estimated useful economic life. Under IFRS 3, *Business combinations*, goodwill is no longer amortised but is carried at cost and subject to annual impairment review as at 31 March.

The Group has elected to apply the exemption available under IFRS 1 not to apply IFRS 3 retrospectively to business combinations prior to 1 April 2004.

The result of these changes is to increase profit after tax by £4.2m (6 months to 30 September 2004: £3.8m). This represents the write back of the £5.9m of goodwill amortisation for the year ended 31 March 2005 (6 months to 30 September 2004: £3.8m) of which £1.7m related to Hanscomb and £4.2m related to other acquisitions. Under IFRS, Hanscomb goodwill is written down by £7.2m to bring the carrying value at the end of the year into line with the UK GAAP carrying value at the end of the year. Under UK GAAP, the charge consisted of £5.5m exceptional impairment charge for the year ended 31 March 2005 (6 months to 30 September 2004: £nil) and £1.7m annual amortisation charge (included in the £5.9m above). The Group's net assets were increased by £4.2m as at 31 March 2005 (30 September 2004: £3.8m; 1 April 2004: £nil).

f. Dividends

Under UK GAAP, proposed dividends were accrued in the accounting period to which they related. Under IAS 10, *Events after the balance sheet date*, dividends are recognised in the accounting period in which they are approved.

Under UK GAAP, a liability of £7.9m was included in the results for the year ended 31 March 2005 in respect of the final dividend. This dividend had not been approved by the shareholders at 31 March 2005 and as a result the liability has been reversed under IFRS.

12. Reconciliation of net assets and profit under UK GAAP to IFRS (continued)

Notes (continued)

g. IAS 39 and IFRIC D12 to D14

Under UK GAAP, the Group treated PFI/PPP assets as tangible fixed assets. Under IFRS and the draft interpretations issued by IFRIC, D12 to D14, on accounting for service concessions, the assets of the Group's PFI/PPP concessions will be treated as financial assets from 1 April 2005.

Under UK GAAP, forward contracts used to hedge foreign currency investments were revalued to year end rates and the exchange differences were taken to reserves. Gains and losses on financial instruments used to hedge foreign currency transactions were recognised on maturity of the underlying transaction in the profit and loss account or as adjustments to the carrying amounts in the balance sheet. Gains or losses on financial instruments terminated because the underlying exposure ceased to exist were taken immediately to the profit and loss account. Under IAS 39, derivatives are initially measured at fair value on the date a contract is entered into and subsequently measured at fair value at each balance sheet date. Where a derivative is a designated hedging instrument and is assessed as being effective in accordance with IAS 39, the gain or loss on re-measurement is recognised in equity. In all other cases the gain or loss is taken to the income statement.

The pro forma effect on the Group's results for the year ended 31 March 2005 would have been to increase profit after tax from Joint Ventures by £2.0m (6 months to 30 September 2004: £0.6m) and reduce net assets by £6.2m as at 31 March 2005 (30 September 2004: £6.9m; 1 April 2004: £1.8m).

Reconciliation of cash flows

The restatement of the results to IFRS has no impact on the Group's cash generation. The only significant impact of IFRS on the cash flow statement is the reclassification of movements in software prepayments from movements in working capital to movements in intangible assets. Movements in the software prepayments are split into amortisation of intangibles, which is included in cash generated from operations and additions to intangible assets, which is included outside of cash generated from operations. The remaining differences in relation to the cash flow statement are presentational.