Thursday 23 November 2006: For Immediate Release

Interim results for the six months ended 30 September 2006

Professional services group WS Atkins plc (Atkins) today announced preliminary unaudited results for the six months ended 30 September 2006.

FINANCIAL SUMMARY

	Six months to 30 September 2006	**Six months to 30 September 2005**
Revenue	£605.5m	£516.1m
Operating profit	£29.9m	£25.9m
Operating margin	4.9%	5.0%
Profit before taxation	£30.9m	£28.2m
Profit after taxation	£22.0m	£21.2m
Fully diluted earnings per share	21.5p	21.0p
Staff numbers[1]	15,922	14,424
Dividend[2]	6.0p	4.5p
Cash (used in)/generated from operations	£(7.3)m	£29.3m
Net funds	£135.6m	£127.2m

Highlights

- Revenue up 17% to £605.5m.
- Operating margins on a comparable basis improved to 5.3%[3] from 5.0%.
- Profit before tax from continuing operations and continuing Joint Ventures (excluding the results of the Metronet Enterprise) up 18% to £31.3m.
- Staff numbers up by over 1,000 since 31 March 2006.
- Substantial growth in the Middle East including the establishment of a rail business in the region; continued recovery in the UK rail market and significant organic growth in Design and Engineering Solutions.
- Work in hand strong with 88% of full year forecast revenue secured (2005: 87%).
- Metronet Enterprise results impacted by operational issues and continued delays in the stations capital programme. Conclusions of Arbiter's report were as expected, and we are working with all of Metronet's stakeholders to enable Metronet to become economic and efficient overall.
- Net funds have reduced by £41.0m from 31 March 2006 which is primarily the result of the normal seasonality of cash flows, further pension payments, growth in the business and acquisitions.
- Interim dividend up 33% to 6.0p per share.

Notes:

1. Staff numbers are shown on a full time equivalent basis.
2. Interim dividend proposed for six months to 30 September.
3. Comparable operating margin restates the 2006 margins to a comparable basis to 2005 figures in respect of IAS 19 pension costs.

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

"The Group's wholly owned operations have had a good start to the year with profit before tax from continuing operations and continuing Joint Ventures excluding the Metronet Enterprise up by 18%. Revenue has grown by 17% to £605.5m driven by substantial growth in the Middle East following the establishment of a rail business in the region; strong organic growth in Design and Engineering Solutions and the continued recovery in the UK rail market, where we have won a number of significant signalling contracts.

Much of this growth has been driven by a significant increase in headcount, with staff numbers up by more than 1,000 in the first six months of this financial year. This headcount increase has been across the Group, but particularly in the Middle East, as we continue to develop our strong multi-national presence.

The Metronet Enterprise continues to impact the Group's results and has contributed a £1.4m reduction in profit before tax compared to the same period last year.

The conclusion in the Arbiter's recent report that Metronet was not performing in an economic and efficient manner, was as expected. Whilst some improvements have been made, much still remains to be done to enable Metronet to achieve its goal of being economic and efficient overall at the end of the first review period in September 2010.

The markets in which we operate continue to provide good prospects and we are confident that our wholly owned operations will continue to grow. Our work in hand remains strong with 88% of forecast year end revenue secured (2005: 87%).

The recovery in the performance of the Metronet Enterprise remains crucial to its eventual success and the realisation of Atkins' returns. We are working with all of Metronet's stakeholders to review the current arrangements to improve the efficiency and effectiveness of delivery."

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 third largest design firm in the world (sources: New Civil Engineer Consultants File, 2006; Swedish Federation of Consultant Engineers & Architects, 2005; Engineering News Record, 2006).

2. Attachments

Attached to this press release are the Overview of the period, Business review, Finance review, the unaudited consolidated income statement, consolidated balance sheet, consolidated statement of recognised income and expense, 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 9.00am. A webcast of the presentation will subsequently be available via the Company's website, www.atkinsglobal.com.

OVERVIEW

Results

The Group's wholly owned operations have had a good start to the year with profit before tax from continuing operations and continuing Joint Ventures excluding the Metronet Enterprise up by 18%. Revenue has grown by 17% to £605.5m driven by substantial growth in the Middle East following the establishment of a rail business in the region; strong organic growth in Design and Engineering Solutions and the continued recovery in the UK rail market, where we have won a number of significant signalling contracts.

Much of this growth has been driven by a substantial increase in headcount, with staff numbers up by more than 1,000 in the first six months of this financial year. This headcount increase was across the Group, but particularly in the Middle East, as we continue to develop our strong multi-national presence.

The current service cost of defined benefit pension schemes has increased by £2.3m due to a reduction in discount rates compared to 1 April 2005, although the total pension charge including net finance costs remains unchanged at £12.5m. This change reduces the Group's operating margins by 0.4% but has no impact upon the Group's overall profitability. On a comparable basis, operating margins have increased to 5.3% from 5.0%.

The Metronet Enterprise continues to impact the Group's results and has contributed a £1.4m reduction in profit before tax compared to the same period last year.

The conclusion in the Arbiter's recent report that Metronet was not performing in an economic and efficient manner, was as expected. Whilst some improvements have been made, much still remains to be done to enable Metronet to achieve its goal of being economic and efficient overall at the end of the first review period in September 2010.

Outlook

The markets in which we operate continue to provide good prospects and we are confident that our wholly owned operations will continue to grow. Our work in hand remains strong with 88% of forecast year end revenue secured (2005: 87%).

The recovery in the performance of the Metronet Enterprise remains crucial to its eventual success and the realisation of Atkins' returns. We are working with all of Metronet's stakeholders to review the current arrangements to improve the efficiency and effectiveness of delivery overall.

Board of Directors

On 6 September 2006, Christopher Kemball informed the Board that he will step down as a Director on 31 December 2006. We would like to thank him for his valuable contribution to the Group over the last four years.

Dividend

In view of the Board's continuing confidence in the Group's outlook, and to restore the historic relationship between the level of interim and final dividends, an interim dividend of 6.0p per share will be paid on 26 January 2007 to all shareholders on the register on 15 December 2006 (2005 interim dividend: 4.5p per share).

BUSINESS REVIEW

Design and Engineering Solutions

	Six months to 30 September 2006	Six months to 30 September 2005
Revenue	£164.5m	£137.5m
Operating profit	£12.0m	£10.9m
Operating margin	7.3%	7.9%
Comparable operating margin	7.8%	7.9%
Work in hand	87%	81%
Staff at 30 September	4,269	3,778

Design and Engineering Solutions produced a strong first half performance with revenue up by 20% and growth in staff numbers of 13%. The growth generated an increase in operating profit of £1.1m (10%) although operating margins fell slightly. This fall is primarily due to increased pension service costs as the comparable operating margin was broadly the same as last year at 7.8% (2005: 7.9%).

Design and Engineering Solutions is operating in good markets. In particular:

- We continue to grow our design and architecture skills working for a range of UK public and private sector clients. In addition, we have had success in winning a number of concept design engagements in overseas markets.
- Infrastructure design work on the water companies' current capital programmes is increasing and we have recently won a nine-year framework contract with Southern Water to provide strategic asset management and engineering services.
- Our operations for clients in the UK energy market continue to grow and we have deepened our relationships with key clients such as British Energy and National Grid.
- We continue to make progress in the nuclear decommissioning market.
- We have built a strong Defence Systems operation aided by our work on the Future Rapid Effects System (FRES) project and are well placed to secure work in future phases.
- Following the acquisition of MSL Engineering, which contributed revenue of approximately £3.0m in the first six months of the financial year, we are now able to offer our Oil & Gas clients an improved range of services.
- Our relationship with Airbus remains strong and our work extends beyond the A380 programme and includes work undertaken on the A350 and A400M.

Outlook

The outlook for the Design and Engineering Solutions segment remains good. The recruitment and retention of staff remains a key priority and we continue to increase our overseas recruitment activity. Following the acquisition of MSL, we continue to review selective acquisitions to strengthen our offering in those markets that offer the greatest potential.

Highways and Transportation

	Six months to 30 September 2006	Six months to 30 September 2005
Revenue	£119.6m	£111.7m
Operating profit	£4.0m	£5.2m
Operating margin	3.3%	4.7%
Comparable operating margin	3.8%	4.7%
Work in hand	92%	87%
Staff at 30 September	3,076	2,869

During the period, revenues grew by 7% compared with the same period last year principally as a result of the mobilisation of the Gloucestershire County Council (GCC) contract. This five-year contract, extendable to 10 years, is expected to deliver annual revenues of around £30m. Operating profit in the period was down by £1.2m compared with last year primarily due to the set up costs of the GCC contract, a relatively slow start to the year in our planning and design businesses and the impact of higher pension service costs. The comparable operating margin was 3.8% (2005: 4.7%).

On 1 September 2006 we commenced service delivery on a 10-year £250m integrated contract to provide transport consultancy and highways management services for Cambridgeshire County Council.

There continues to be demand for our major projects design teams in the UK and we are bidding on a number of major UK highway projects. Work is now flowing steadily through a number of recently secured, strategically important frameworks such as the four-year Highways Agency project support contract. Our Transport Planning business has invested in significant tendering activity and provided support to a number of Local Authorities bidding for Transport Innovation Funding.

Outlook

The outlook for our Highways and Transportation segment remains in line with our expectations. The second half of this year will benefit from the commencement of the Cambridgeshire contract and an increased contribution from the Gloucestershire contract.

Rail

	Six months to 30 September 2006	**Six months to 30 September 2005**
Revenue	£112.7m	£87.8m
Operating profit	£1.5m	£1.1m
Operating margin	1.3%	1.3%
Comparable operating margin	1.9%	1.3%
Work in hand	89%	98%
Staff at 30 September	1,890	1,866

Our Network Rail related activities have continued to recover from the recent poor market conditions with work on our major re-signalling contracts at Port Talbot and Basingstoke contributing to the significant increase in revenue compared with last year. The operating performance of the UK rail business in the first half of this year has improved and the order book has strengthened with a number of major wins including Crossrail, Rugby re-signalling and the Cardiff and Newport re-signalling frameworks. Secured work now represents 89% of full year forecast revenue. The results in the first half were, however, affected by losses on two EU funded feasibility study projects for the Polish state railway and the impact of higher pension service costs. The comparable operating margin was 1.9% (2005: 1.3%).

During the period, our work on the Metronet stations programme generated no profit against a loss for the same period last year. A small profit was made on some staff seconded to the Joint Venture.

Outlook

Our Rail segment continues to recover. The expenditure plans of Network Rail indicate a healthy ongoing level of infrastructure investment which, combined with the emerging Passenger Transport Executive market, represents significant potential for growth.

Middle East and China

	Six months to 30 September 2006	**Six months to 30 September 2005**
Revenue	£53.6m	£30.5m
Operating profit	£3.2m	£1.5m
Operating margin	6.0%	4.9%
Work in hand	87%	96%
Staff at 30 September	2,377	1,571

Driven by its excellent reputation in the region, our Middle East business has continued its considerable growth, which is underpinned by a buoyant market and the establishment of a new rail business in Dubai. Operating profits increased significantly and we now employ around 1,500 staff in the Middle East, up from 1,000 six months ago. Our reputation in the region and diverse skills gives us access to a large number of opportunities.

The most significant new project is the Dubai Metro light rail scheme for which Atkins is acting as lead consultant for the Japanese-Turkish Metro Joint Venture for all works comprising the Red Line. Our design and programme management work includes 26 stations (four underground), 53km of viaducts and tunnelling and all associated infrastructure and building works. This project utilises Atkins' core strengths and uses skills from across the Group.

Our Chinese business has made steady progress and is now trading profitably. Staff numbers have grown to 650 up from 550 at the year end, with a further 230 site-based. Our focus in China continues to be on urban planning and architectural design.

Outlook

The outlook for this segment is good and secured work represents 87% of full year forecast revenue. In the Middle East our wider offering now includes the new rail business and places us in a strong position to capitalise on this growing market. In China we continue to focus on secondary and tertiary cities which are attracting increasing amounts of investment.

Management and Project Services

	Six months to 30 September 2006	Six months to 30 September 2005
Revenue	£93.6m	£83.5m
Operating profit	£5.6m	£5.7m
Operating margin	6.0%	6.8%
Comparable operating margin	6.1%	6.8%
Work in hand	85%	82%
Staff at 30 September	2,226	2,026

Faithful+Gould has benefited from an improved performance in the USA. The pharmaceutical, oil and gas and property markets especially have contributed to the first six months of the year, whilst trading in the UK remains satisfactory.

During the period Management Consultants commenced its new five-year framework contract providing programme and business process management to the Government Communications Headquarters (GCHQ). The DfES has awarded us two further contracts worth £11m over the next three years.

The Management Consultants business is implementing an organisational change to position it for future growth and Mantix, which was acquired in June 2006, is being incorporated into the new structure. The integration costs associated with the acquisition have had an impact on the results in the first half of the year.

Outlook

Prospects for the Management and Project Services segment remain positive. Following the acquisition of Mantix, the Management Consultants business is positioned to win further work in an increasingly competitive market and the markets in the UK and USA give Faithful+Gould good opportunities to grow.

Asset Management

	Six months to 30 September 2006	Six months to 30 September 2005
Revenue	£24.6m	£30.9m
Operating profit	£0.6m	£0.2m
Operating margin	2.4%	0.6%
Comparable operating margin	2.8%	0.6%
Work in hand	93%	83%
Staff at 30 September	662	915

Our Asset Management business performed in line with expectations benefiting from contract wins with HBOS and the Metropolitan Police where we are acting as managing agents for facilities management services. We have also extended our eight year association with Barclays Bank Plc through the award of a new five-year commission and started service delivery to the new facility at Colchester Garrison. Revenue fell compared with last year as the previous local MoD Defence Estates contracts have been replaced by the new Defence Housing Prime Contract, which is carried out through a joint venture company in which we have a 25% stake.

Outlook

Asset Management continues to be a niche business with opportunities in the financial services and public sectors.

Equity Investments

	Six months to 30 September 2006	Six months to 30 September 2005
Revenue	£36.9m	£34.2m
Operating profit	£3.0m	£1.3m
Operating margin	8.1%	3.8%
Staff at 30 September	919	875

The results of the Equity Investments Segment relate largely to Lambert Smith Hampton (LSH), the Group's commercial property business. LSH has continued to make progress building upon the results of the previous year.

The results of this segment also benefited from payments relating to completion of phase one of the Colchester Garrison project.

Outlook

LSH is well placed to benefit from positive market conditions with property investment demand expected to remain strong in the near term.

Metronet

The day-to-day operational performance of the lines for which Metronet is responsible has been below expectations in the first half of the year. Metronet has incurred financial penalties and additional costs relating to track maintenance and signalling issues on the sub surface lines in early summer. These have impacted Metronet's financial results in the first half of the year.

The stations modernisation programme remains a cause for concern with only two further stations being completed and accepted back into service over the past six months. This has continued to impact the Group's profitability.

The PPP Arbiter last week issued his first annual guidance report on Metronet's performance. The report covers the period from 3 April 2003 to 31 March 2006. The Arbiter's conclusions are broadly in line with our own assessment. The intention of the annual review process was to provide a non-binding report which provides useful guidance on the areas of improvement necessary in order to achieve the goal of Metronet being economic and efficient at the end of the first review period in September 2010. Metronet was already addressing many of the issues raised by the Arbiter and is working with all of its supply chain, including that element contracted to its shareholders, and London Underground to ensure that Metronet will be economic and efficient overall.

Atkins continues to support Metronet through the secondment of a number of our senior staff into Metronet and Trans4m. The group currently has approximately 750 people (600 at March 2006) working on this project.

The table below summarises the Group's financial results relating to its entire involvement in the PPP project. It comprises the Group's share of the results of the Metronet and Trans4m Joint Ventures together with the operating results of the Atkins supply chain and is collectively referred to as the 'Metronet Enterprise'.

	Six months to 30 September 2006 £m	Six months to 30 September 2005 £m
Metronet PPP – *share of profit after tax*	-	2.3
Costs of letters of credit	(0.7)	(1.0)
	(0.7)	1.3
Supply chain		
Trans4m – *share of loss after tax*	(0.6)	-
Business Segments	0.9	(0.3)
Metronet Enterprise	(0.4)	1.0

Outlook

The recovery of the efficiency of the capital programme together with the stabilisation and continued improvement of the day-to-day operational performance remains crucial to the eventual success of the Metronet Enterprise and the realisation of Atkins' returns. Whilst some progress is being made it is essential that Metronet performs in an economic and efficient manner. Metronet, in consultation with all of its stakeholders, including Atkins and London Underground, is working to ensure that this is achieved.

FINANCE REVIEW

Income statement

The results for the six months to 30 September 2006 are summarised below.

	Six months to 30 September 2006 £m	Six months to 30 September 2005 £m
Group profit before tax	31.2	24.0
Joint Venture (loss)/profit before tax	(0.4)	6.2
Profit before tax *(before JV tax)*	**30.8**	**30.2**
Joint Venture tax	0.1	(2.0)
Profit before tax	**30.9**	**28.2**
Taxation	(8.9)	(7.0)
Profit for the period	**22.0**	**21.2**

Taxation

The Group's underlying tax rate for the period (including the tax on the Group's Joint Ventures) was 28.6% compared to 29.8% for the six months ended 30 September 2005. The reduction in the Group's underlying tax rate is mainly due to the increased proportion of profits earned in lower tax overseas territories.

Pensions

Pension Costs

The cost of the Group's defined benefit pension schemes for the six months to 30 September 2006 of £12.5m is the same as last year. The current service cost has increased by £2.3m due to a reduction in the discount rate used, however, this has been offset by an equal reduction in net finance costs. This change reduces the Group's operating margins by 0.4% but has no impact upon the Group's overall profitability. The comparable operating margin restates 2006 margins in respect of the IAS 19 discount rate to achieve consistency with the rate used in 2005.

Funding

The Group continued to pay accelerated contributions into the Atkins Pension Plan (six months to 30 September 2006: £12.5m; six months to 30 September 2005: £5.0m). Although the next formal actuarial valuation will take place as at 1 April 2007, an estimated actuarial valuation indicated that the deficit had increased from £69m at 1 April 2004 to approximately £180m at 30 June 2006. The Group has commenced discussions with the Trustees of the Atkins Pension Plan to agree ways to limit any further increases in the Group's defined benefit liabilities, other than for protected schemes.

IAS 19

Under IAS 19, *Employee Benefits*, the Group recognised a post tax retirement benefit liability of £219.1m at 30 September 2006 (2005: £202.1m). For the six months to 30 September 2006 the Group posted a post tax actuarial loss of £15.4m through equity (2005: £10.7m).

The key assumptions and sensitivities used in the IAS 19 valuation are detailed in note 11 to this interim financial information.

Earnings per share (EPS)

Basic EPS for the period was 21.9p (six months to September 2005: 21.3p). Fully diluted EPS was 21.5p (2005: 21.0p).

Cash flow

Net funds reduced by £41.0m from the start of the financial year to £135.6m at 30 September 2006. A reconciliation between profit for the period and cash generated from continuing operations is shown in note 9 to this financial information. The cash used in operations was £7.3m compared with a cash generation of £29.3m in the same period last year. This reversal was anticipated and included the effects of the normal seasonality of cash flows, a slight worsening of the Group's working capital position, growth in the business and the further cash contributions to the Atkins Pension Plan referred to above. A further £8.9m was spent on acquisitions in the period, principally the acquisition of Mantix Group Limited.

Consolidated income statement for the six months ended 30 September 2006 (unaudited)

	Notes	**Six months to 30 September 2006 £m**	Six months to 30 September 2005 £m	Year to 31 March 2006 £m
Continuing operations				
Revenue (Group and share of Joint Ventures)		**792.3**	676.7	1,411.0
Revenue	2	**605.5**	516.1	1,052.5
Cost of sales		**(389.1)**	(321.2)	(637.3)
Gross profit		**216.4**	194.9	415.2
Administrative expenses		**(186.5)**	(169.0)	(352.3)
Operating profit	2	**29.9**	25.9	62.9
Profit on disposal of Joint Ventures		**-**	-	6.4
Share of post-tax (losses)/profit from Joint Ventures	3	**(0.3)**	4.2	8.8
Profit from operations		**29.6**	30.1	78.1
Finance income	4	**4.5**	4.0	7.9
Finance cost	4	**(3.2)**	(5.9)	(11.2)
Net finance income/(cost)	4	**1.3**	(1.9)	(3.3)
Profit before taxation		**30.9**	28.2	74.8
Taxation	5	**(8.9)**	(7.0)	(17.9)
Profit for the period attributable to equity shareholders		**22.0**	21.2	56.9
Basic earnings per share – continuing operations	6	**21.9p**	21.3p	57.0p
Fully diluted earnings per share - continuing operations	6	**21.5p**	21.0p	55.9p
Dividends recognised in the period – paid	7	**11.5p**	8.0p	12.5p
Dividends relating to the period - proposed	7	**6.0p**	4.5p	16.0p

The notes on pages 12 to 17 form part of the interim financial information.

Consolidated balance sheet as at 30 September 2006 (unaudited)

	Notes	**30 September 2006 £m**	30 September 2005 £m	31 March 2006 £m
Assets				
Non-current assets				
Goodwill		**43.1**	29.7	35.6
Other intangible assets		**10.7**	11.5	10.0
Property, plant and equipment		**47.9**	35.4	47.2
Investments in Joint Ventures		**54.9**	35.8	46.2
Financial assets		**20.1**	20.1	20.1
Deferred tax assets		**109.1**	101.8	103.8
Trade and other receivables		**0.5**	2.0	1.5
		286.3	236.3	264.4
Current assets				
Inventories		**0.4**	0.3	0.2
Trade and other receivables		**277.3**	230.1	272.9
Assets held for sale		**-**	2.0	-
Financial assets		**27.1**	24.9	20.7
Cash and cash equivalents	10	**120.4**	120.1	177.4
		425.2	377.4	471.2
Liabilities				
Current liabilities				
Borrowings		**(3.8)**	(2.7)	(6.5)
Trade and other payables		**(344.6)**	(291.2)	(379.5)
Current tax liabilities		**(20.2)**	(14.7)	(12.3)
Provisions for liabilities and charges		**(2.5)**	(2.6)	(2.8)
		(371.1)	(311.2)	(401.1)
Net current assets		**54.1**	66.2	70.1
Non-current liabilities				
Borrowings		**(28.2)**	(35.2)	(35.1)
Provisions for liabilities and charges		**(10.5)**	(12.1)	(11.7)
Retirement benefit liabilities	11	**(313.0)**	(288.7)	(299.9)
Other non-current liabilities		**(23.7)**	(24.7)	(23.9)
		(375.4)	(360.7)	(370.6)
Net liabilities		**(35.0)**	(58.2)	(36.1)
Capital and reserves				
Ordinary shares	8	**0.5**	0.5	0.5
Share premium account	8	**62.4**	62.4	62.4
Merger reserve	8	**8.9**	8.9	8.9
Retained loss	8	**(106.8)**	(130.0)	(107.9)
Equity shareholders' deficit		**(35.0)**	(58.2)	(36.1)

The notes on pages 12 to 17 form part of the interim financial information.

Consolidated statement of recognised income and expense for the six months ended 30 September 2006 (unaudited)

	Notes	**Six months to 30 September 2006 £m**	Six months to 30 September 2005 £m	Year to 31 March 2006 £m
Actuarial loss on retirement benefit liabilities	11	**(22.0)**	(15.3)	(37.7)
Share of Joint Venture financial derivatives		**4.0**	(3.4)	(0.5)
Tax on items charged to equity		**6.6**	4.6	11.3
Net differences on exchange		**(0.4)**	0.3	1.5
		(11.8)	(13.8)	(25.4)
Profit for the period		**22.0**	21.2	56.9
Total recognised income & expense for the year attributable to equity shareholders		**10.2**	7.4	31.5

Consolidated cash flow statement for the six months ended 30 September 2006 (unaudited)

	Notes	**Six months to 30 September 2006 £m**	Six months to 30 September 2005 £m	Year to 31 March 2006 £m
Cash flows from operating activities				
Cash (used in)/generated from operations	9	**(7.3)**	29.3	111.7
Interest received		**4.5**	3.7	7.6
Interest paid		**(1.0)**	(1.3)	(2.4)
Tax received/(paid)		**0.1**	(2.5)	(10.9)
Nat cash from operating activities		**(3.7)**	29.2	106.0
Cash flows from investing activities				
Dividends received from Joint Ventures		**0.2**	2.6	3.7
Investment in Metronet		**(5.3)**	(5.6)	(11.2)
Acquisition of subsidiaries	12			
- Consideration		**(11.4)**	-	(4.9)
- Cash acquired		**2.5**	-	(0.2)
Purchases of property, plant and equipment		**(8.6)**	(6.0)	(20.4)
Proceeds from disposal of property, plant and equipment		**0.3**	0.3	0.5
Proceeds from disposal of Joint Ventures		**-**	-	9.2
Financial assets		**(6.4)**	(13.7)	(9.6)
Purchases of other intangible assets		**(5.1)**	(4.3)	(8.3)
Net cash used in investing activities		**(33.8)**	(26.7)	(41.2)
Cash flows from financing activities				
Repayment of short-term loans		**(2.7)**	-	-
Long-term loans		**-**	11.7	12.5
Repayment of long-term loans		**(1.4)**	-	(1.1)
Finance lease principal payments		**(1.9)**	(1.2)	(3.2)
Sales of own shares by Employee Benefit Trusts		**0.1**	0.1	1.3
Equity dividends paid to shareholders		**(11.1)**	(7.8)	(12.4)
Net cash (used in)/generated from financing activities		**(17.0)**	2.8	(2.9)
Effects of exchange rate changes		**(2.5)**	0.2	0.9
Net (decrease)/increase in cash and cash equivalents		**(57.0)**	5.5	62.8
Cash and cash equivalents at beginning of period		**177.4**	114.6	114.6
Cash and cash equivalents at end of period	10	**120.4**	120.1	177.4

The notes on pages 12 to 17 form part of the interim financial information

Notes to the financial information for the six months ended 30 September 2006 (unaudited)

1. Basis of preparation

This interim financial information, which is abridged, comprises the interim consolidated balance sheets as at 30 September 2006 and 30 September 2005 and related consolidated interim statements of income and cash flows for six months ended 30 September 2006 and 30 September 2005 (hereinafter referred to as 'Financial Information'). All periods presented are unaudited and unreviewed. The information contained in these statements in relation to the year ended 31 March 2006 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 has been delivered to the Registrar of Companies. The interim financial information, including all comparatives, has been prepared in accordance with the Listing Rules of the Financial Services Authority.

Comparative figures as at 30 September 2005 include a reclassification of £68.9m between financial assets and cash and cash equivalents to ensure that the treatment of certain short-term liquid deposits is consistent with that disclosed in the audited financial statements as at 31 March 2006. Comparative figures as at 30 September 2005 also include re-statements of £9.8m on retirement benefit liabilities, £2.9m on deferred tax assets relating to retirement benefits and £6.9m on the retained loss reserve to ensure that the treatment of retirement benefit liabilities is consistent with that disclosed in the audited financial statements as at 31 March 2006.

The interim financial information has been prepared in accordance with the principal accounting policies as set out in the Group's annual financial statements for the year ended 31 March 2006. The accounting policies have been consistently applied to all periods presented.

The Group has elected not to adopt IAS 34, Interim financial statements and, therefore, this interim financial information is not in compliance with IFRS.

2 Segmental reporting – business segments

Six months to 30 September 2006	**Total revenue £m**	**Inter-segment revenue £m**	**Revenue £m**	**Operating profit £m**	**Operating margin %**	**Share of post-tax profit/(loss) from Joint Ventures £m**
Design and Engineering Solutions	**172.4**	**(7.9)**	**164.5**	**12.0**	**7.3%**	**(0.1)**
Highways and Transportation	**129.0**	**(9.4)**	**119.6**	**4.0**	**3.3%**	**0.3**
Rail	**125.1**	**(12.4)**	**112.7**	**1.5**	**1.3%**	**-**
Middle East and China	**56.0**	**(2.4)**	**53.6**	**3.2**	**6.0%**	**-**
Management and Project Services	**98.3**	**(4.7)**	**93.6**	**5.6**	**6.0%**	**-**
Asset Management	**26.1**	**(1.5)**	**24.6**	**0.6**	**2.4%**	**-**
Equity Investments	**36.9**	**-**	**36.9**	**3.0**	**8.1%**	**(0.5)**
Total continuing segments	**643.8**	**(38.3)**	**605.5**	**29.9**	**4.9%**	**(0.3)**

Six months to 30 September 2005	Total revenue £m	Inter-segment revenue £m	Revenue £m	Operating profit £m	Operating margin %	Share of post-tax profit/(loss) from 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	5.2	4.7%	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	5.7	6.8%	-
Asset Management	31.4	(0.5)	30.9	0.2	0.6%	-
Equity Investments	34.3	(0.1)	34.2	1.3	3.8%	3.0
Total continuing segments	542.4	(26.3)	516.1	25.9	5.0%	3.5
Disposed						0.7
Total	542.4	(26.3)	516.1	25.9	5.0%	4.2

Year to 31 March 2006	Total revenue £m	Inter-segment revenue £m	Revenue £m	Operating profit £m	Operating margin %	Share of post-tax profit/(loss) from Joint Ventures £m
Design and Engineering Solutions	303.7	(17.4)	286.3	23.4	8.2%	-
Highways and Transportation	231.5	(16.1)	215.4	11.0	5.1%	0.7
Rail	190.6	(14.1)	176.5	2.6	1.5%	-
Middle East and China	72.8	(5.7)	67.1	3.0	4.5%	-
Management and Project Services	179.5	(7.6)	171.9	13.9	8.1%	-
Asset Management	63.0	(1.5)	61.5	4.0	6.5%	-
Equity Investments	74.1	(0.3)	73.8	5.0	6.8%	7.2
Total continuing segments	1,115.2	(62.7)	1,052.5	62.9	6.0%	7.9
Disposed						0.9
Total	1,115.2	(62.7)	1,052.5	62.9	6.0%	8.8

3 Share of post-tax profits/(losses) from Joint Ventures

Six months to 30 September 2006	**Metronet £m**	**Other £m**	**Disposed £m**	**Total £m**
Revenue	**122.0**	**64.8**	**-**	**186.8**
Operating expenditure	**(122.2)**	**(65.6)**	**-**	**(187.8)**
Operating profit	**(0.2)**	**(0.8)**	**-**	**(1.0)**
Finance cost	**(7.7)**	**(2.2)**	**-**	**(9.9)**
Finance income	**7.9**	**2.6**	**-**	**10.5**
Profit before taxation	**-**	**(0.4)**	**-**	**(0.4)**
Taxation	**-**	**0.1**	**-**	**0.1**
Share of post-tax profits/(losses) from Joint Ventures	**-**	**(0.3)**	**-**	**(0.3)**

Six months to 30 September 2005	Metronet £m	Other £m	Disposed £m	Total £m
Revenue	109.8	48.5	2.3	160.6
Operating expenditure	(105.7)	(47.3)	(1.1)	(154.1)
Operating profit	4.1	1.2	1.2	6.5
Finance cost	(7.7)	(2.1)	(1.0)	(10.8)
Finance income	7.1	2.4	1.0	10.5
Profit before taxation	3.5	1.5	1.2	6.2
Taxation	(1.2)	(0.3)	(0.5)	(2.0)
Share of post-tax profits from Joint Ventures	2.3	1.2	0.7	4.2

Year to 31 March 2006	Metronet £m	Other £m	Disposed £m	Total £m
Revenue	246.9	108.9	2.7	358.5
Operating expenditure	(235.1)	(108.5)	(1.5)	(345.1)
Operating profit	11.8	0.4	1.2	13.4
Finance cost	(19.7)	(4.3)	(1.2)	(25.2)
Finance income	18.7	4.6	1.3	24.6
Profit before taxation	10.8	0.7	1.3	12.8
Taxation	(3.3)	(0.3)	(0.4)	(4.0)
Share of post-tax profits from Joint Ventures	7.5	0.4	0.9	8.8

4 Net finance (income)/cost

	Six months to 30 Sept 2006 £m	Six months to 30 Sept 2005 £m	Year to 31 March 2006 £m
Interest payable on borrowings	**0.6**	0.6	0.9
Letters of credit charges	**0.7**	1.0	2.0
Net finance cost on retirement benefit liabilities (note 11)	**1.2**	3.5	6.7
Other	**0.7**	0.8	1.6
Finance cost	**3.2**	5.9	11.2
Finance income	**(4.5)**	(4.0)	(7.9)
Net finance (income)/cost	**(1.3)**	1.9	3.3

5. Taxation

a) Analysis of charge in the period

	Six months to 30 Sept 2006 £m	Six months to 30 Sept 2005 £m	Year to 31 March 2006 £m
Current taxation			
- UK	**6.6**	5.4	10.3
- Overseas	**1.0**	0.9	2.5
Deferred taxation	**1.3**	0.7	5.1
Taxation charge per income statement	**8.9**	7.0	17.9
Profit before taxation per income statement	**30.9**	28.2	74.8
Effective taxation rate	**28.8%**	24.8%	23.9%

b) Analysis of total tax charge in the period, excluding the effect of the profit on disposal of Joint Ventures

Taxation charge per income statement	**8.9**	7.0	17.9
Adjust for:			
- Joint Venture taxation	**(0.1)**	2.0	4.0
- Taxation on profit on disposal of Joint Ventures	**-**	-	(0.5)
	8.8	9.0	21.4
Profit before taxation per income statement	**30.9**	28.2	74.8
Adjust for:			
- Joint Venture taxation	**(0.1)**	2.0	4.0
- Profit on disposal of Joint Ventures	**-**	-	(6.4)
	30.8	30.2	72.4
Total effective taxation rate	**28.6%**	29.8%	29.6%

c) Taxation credit on items charged to equity

At beginning of period	**20.3**	8.9	8.9
Credited to equity during the period/year – retirement benefits	**6.6**	4.6	11.3
Credited to equity during the period/year – share based payments	**0.1**	0.5	0.1
At end of period	**27.0**	14.0	20.3

6. Earnings per share (EPS)

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, Long Term Incentive Plans and the Deferred Bonus Plans.

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

	Six months to 30 Sept 2006 number ('000)	Six months to 30 Sept 2005 number ('000)	Year to 31 March 2006 number ('000)
Number of shares			
Weighted average number of shares used in basic EPS	**100,665**	99,448	99,790
Effect of dilutive securities - Share options	**1,623**	1,299	2,028
Weighted average number of shares used in fully diluted EPS	**102,288**	100,747	101,818

	£m	£m	£m
Earnings	**22.0**	21.2	56.9
Post-tax profit on disposal of Joint Ventures	**-**	-	(5.9)
Normalised earnings	**22.0**	21.2	51.0

	pence	pence	pence
Basic earnings per share	**21.9p**	21.3p	57.0p
Fully diluted earnings per share	**21.5p**	21.0p	55.9p
Normalised basic earnings per share	**21.9p**	21.3p	51.1p
Normalised fully diluted earnings per share	**21.5p**	21.0p	50.1p

Normalised EPS adjusts for post tax profit on disposal of Joint Ventures and is considered to be a more representative measure of underlying trading.

7. Dividends

	Six months to 30 Sept 2006 pence	**Six months to 30 Sept 2006 £m**	Six months to 30 Sept 2005 pence	Six months to 30 Sept 2005 £m	Year to 31 March 2006 pence	Year to 31 March 2006 £m
Final dividend recognised for the year ended 31 March 2006 (2005)	**11.5p**	**11.6**	8.0p	7.9	8.0p	7.9
Interim dividend recognised for the period ended 30 September (2005)	**-**	**-**	-	-	4.5p	4.5
Dividends recognised in the period	**11.5p**	**11.6**	8.0p	7.9	12.5p	12.4
Interim dividend proposed for the period ended 30 September 2006 (2005)	**6.0p**	**6.0**	4.5p	4.5	4.5p	4.5
Final dividend proposed for the year ended 31 March 2006	**-**	**-**	-	-	11.5p	11.5
Dividends relating to the period (paid and proposed)	**6.0p**	**6.0**	4.5p	4.5	16.0p	16.0

8. Statement of changes in equity

	Ordinary shares £m	Share premium account £m	Merger reserve £m	Retained (loss)/earnings £m	Equity shareholders' (deficit)/funds £m
Balance at 31 March 2006	**0.5**	**62.4**	**8.9**	**(107.9)**	**(36.1)**
Profit for the period	**-**	**-**	**-**	**22.0**	**22.0**
Dividends	**-**	**-**	**-**	**(11.6)**	**(11.6)**
Actuarial loss on retirement benefit liabilities (note 11)	**-**	**-**	**-**	**(15.4)**	**(15.4)**
Share based movements	**-**	**-**	**-**	**0.1**	**0.1**
Employee Benefit Trusts	**-**	**-**	**-**	**2.4**	**2.4**
Share of Joint Venture financial derivatives	**-**	**-**	**-**	**4.0**	**4.0**
Net differences on exchange	**-**	**-**	**-**	**(0.4)**	**(0.4)**
Balance at 30 September 2006	**0.5**	**62.4**	**8.9**	**(106.8)**	**(35.0)**

The amounts above are shown net of taxation.

9. Cash generated from operations

	Six months to 30 Sept 2006 £m	Six months to 30 Sept 2005 £m	Year to 31 March 2006 £m
Continuing operations			
Profit for the period	**22.0**	21.2	56.9
Adjustments for:			
Taxation	**8.9**	7.0	17.9
Finance income	**(4.5)**	(4.0)	(7.9)
Finance cost	**3.2**	5.9	11.2
Share of post-tax losses/(profits) from Joint Ventures	**0.3**	(4.2)	(8.8)
Profit on disposal of Joint Ventures	**-**	-	(6.4)
Depreciation charges	**9.7**	6.8	14.7
Amortisation of software intangible assets	**5.4**	3.6	9.6
Amortisation of acquisition intangible assets	**0.2**	-	-
Release of deferred income	**(0.4)**	(0.4)	(0.8)
Share based payments	**2.4**	1.5	3.0
Loss on disposal of property, plant and equipment	**0.2**	-	0.7
Movement in provisions	**(1.6)**	0.5	(0.1)
Movement in working capital	**(53.1)**	(8.6)	21.7
Cash (used in)/generated from continuing operations	**(7.3)**	29.3	111.7

10. Analysis of net funds

	At 31 March 2006 £m	Cash flow £m	Other non cash changes £m	Exchange movement £m	**At 30 Sept 2006 £m**	At 30 Sept 2005 £m
Cash and cash equivalents	177.4	(54.5)		(2.5)	**120.4**	120.1
Financial assets	40.8	6.4	-	-	**47.2**	45.0
Debt due within one year	(2.7)	2.7	-	-	**-**	-
Debt due after one year	(20.6)	1.4	-	1.3	**(17.9)**	(23.3)
Finance leases	(18.3)	1.9	2.3	-	**(14.1)**	(14.6)
Net funds	176.6	(42.1)	2.3	(1.2)	**135.6**	127.2

11. Retirement benefit liabilities

The Group operates both defined benefit and defined contribution 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 and a range of defined contribution schemes or equivalent.

All defined benefit schemes are effectively closed to new entrants.

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 2006	30 Sept 2005	31 March 2006
Price inflation	**2.90%**	2.75%	2.85%
Rate of increase of pension in payment			
Limited Price Indexation	**2.90%**	2.75%	2.85%
Limited Price Indexation to 2.5%	**2.50%**	2.50%	2.50%
Fixed	**5.00%**	5.00%	5.00%
Rate of increase in salaries	**4.40%**	4.25%	4.35%
Rate of increase for deferred pensioners	**2.90%**	2.75%	2.85%
Discount rate	**5.05%**	5.00%	5.00%
Expected rate of return on plan assets	**6.90%**	6.70%	6.90%
Expected rate of social security increases	**2.90%**	2.75%	2.85%
Longevity at age 65 for current pensioners			
Men	**18.7 years**	18.2 years	18.7 years
Women	**21.7 years**	21.2 years	21.7 years
Longevity at age 65 for future pensioners (current age 45)			
Men	**20.9 years**	19.0 years	20.9 years
Women	**23.9 years**	21.9 years	23.9 years

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

	Six months to 30 Sept 2006 £m	Six months to 30 Sept 2005 £m	Year to 31 March 2006 £m
Cost of sales			
Current service cost	**11.3**	9.0	18.6
Curtailment gain	**-**	-	(0.5)
Total service cost	**11.3**	9.0	18.1
Finance (income)/cost			
Finance cost	**25.8**	21.5	42.9
Expected return on plan assets	**(24.6)**	(18.0)	(36.2)
Net finance cost	**1.2**	3.5	6.7
Total charge to income statement for defined benefit schemes	**12.5**	12.5	24.8
Statement of recognised income and expense			
Gain/(loss) on pension schemes assets	**(23.4)**	43.4	88.4
Changes in assumptions	**1.4**	(58.7)	(126.1)
Actuarial loss	**(22.0)**	(15.3)	(37.7)
Deferred tax charged to equity	**6.6**	4.6	11.3
Actuarial loss (net of deferred tax)	**(15.4)**	(10.7)	(26.4)

Retirement benefit liabilities comprise the following:

	Six months to 30 Sept 2006 £m	Six months to 30 Sept 2005 £m	Year to 31 March 2006 £m
Defined benefit obligation	**(1,055.6)**	(928.7)	(1,021.9)
Fair value of plan assets	**742.6**	640.0	722.0
Retirement benefit liabilities	**(313.0)**	(288.7)	(299.9)
Deferred tax on retirement benefit liabilities	**93.9**	86.6	90.0
Post-tax retirement liabilities	**(219.1)**	(202.1)	(209.9)

Under the Atkins Pension Plan there are retirement benefit liabilities of £286.2m (30 September 2005: £263.8m; 31 March 2006: £277.4m) representing £200.3m after deferred tax (30 September 2005: £184.7m; 31 March 2006: £194.2m).

Under the Railways Pension Scheme there are retirement benefit liabilities of £26.3m (30 September 2005: £24.5m; 31 March 2006: £22.0m) representing £18.4m after deferred tax (30 September 2005: £17.2m; 31 March 2006: £15.4m).

Movements in the retirement benefit liabilities are as follows:

	Six months to 30 Sept 2006 £m	Six months to 30 Sept 2005 £m	Year to 31 March 2006 £m
At beginning of period	**(299.9)**	(274.2)	(274.2)
Service cost	**(11.3)**	(9.0)	(18.1)
Net finance cost	**(1.2)**	(3.5)	(6.7)
Contributions	**21.4**	13.3	37.1
Acturial loss	**(22.0)**	(15.3)	(37.7)
Foreign exchange	**-**	-	(0.3)
At end of period	**(313.0)**	(288.7)	(299.9)

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

	Change in assumption	Effect on plan liabilities Atkins Pension Plan
Discount rate	Increase/decrease 0.50%	Decrease/increase 10.00%
Inflation	Increase/decrease 0.50%	Increase/decrease 6.50%
Real rate of increase in salaries	Increase/decrease 0.50%	Increase/decrease 2.00%
Longevity	Increase 1 year	Increase 4.00%

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

12. Business combinations

On 21 June 2006 the Group acquired 100% of the share capital of Mantix Group Limited, a UK registered entity, for consideration of £11.2m, consisting of £10.8m cash consideration and £0.4m deferred consideration.

On 24 April 2006 the Group acquired 100% of the share capital of Poolman Harlow Limited, a UK registered entity, for consideration of £0.6m, consisting of £0.4m cash consideration and £0.2m deferred consideration.

	Total carrying value £m	**Fair value adjustments £m**	**Total Fair value £m**
Other intangible assets	**-**	**1.2**	**1.2**
Accounts receivable	**2.2**	**-**	**2.2**
Cash	**2.5**	**-**	**2.5**
Short term trade and other payables	**(1.8)**	**-**	**(1.8)**
Tax liabilities	**(0.2)**	**-**	**(0.2)**
	2.7	**1.2**	**3.9**
Goodwill on acquisition			**8.1**
Consideration			**12.0**

Consideration:	
Cash paid	**11.4**
Deferred consideration	**0.6**
	12.0

Fair value adjustments, which are provisional, represent various identifiable intangible assets measured at an estimated value in use.

Included in the goodwill recognised above are items that cannot be individually separated and reliably measured due to their nature. These include new customers and synergy benefits.