

## Half-yearly financial report for the six months ended 30 September 2007

Professional services group WS Atkins plc ([Atkins](#)) today announced unaudited results for the six months ended 30 September 2007.

### FINANCIAL SUMMARY

	Six months to 30 Sept 2007	Six months to 30 Sept 2006	Increase / (Decrease)
<i>Income statement - continuing operations</i>			
Revenue	£633.8m	£569.0m	11%
Operating profit	£40.1m	£27.3m	47%
Operating margin	6.3%	4.8%	
Profit before taxation	£42.7m	£29.3m	46%
Profit after taxation	£31.7m	£21.1m	50%
Diluted earnings per share	30.8p	20.6p	50%
<i>Income statement - total</i>			
Profit for the period	£63.1m	£22.0m	187%
Diluted earnings per share	61.3p	21.5p	185%
Dividend <sup>1</sup>	7.5p	6.0p	25%
<i>People</i>			
Staff numbers at 30 September <sup>2</sup>	16,909	15,005	13%
Average staff numbers	16,384	14,594	12%
<i>Cash</i>			
Net funds	£128.3m	£135.6m	(5)%

### Highlights

- Very good first half-year results with diluted earnings per share from continuing operations up by 50%
- Revenue up 11% to £633.8m reflecting continued growth in strong markets
- Operating profit up 47% with margins up significantly to 6.3% (2006: 4.8%)
- Staff numbers in continuing operations up over 1,000 since 31 March 2007, as planned
- Work in hand strong with 85% of full year forecast revenue secured (2006: 88%)
- Disposal of Lambert Smith Hampton completed for a profit of £20.0m
- Metronet companies entered PPP Administration on 18 July 2007
- Main defined benefit pension plan closed to future accrual from 30 September 2007
- Interim dividend up 25% to 7.5p per share
- Up to £100m share buyback programme announced

#### Notes:

1. Interim dividend declared for six months to 30 September.
2. Staff numbers are shown for continuing operations and on a full time equivalent basis, including agency staff.

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

“These are very good results and we are well positioned to improve and grow in our key business of engineering and design. This is a great business in great shape which is scaleable and enduring.”

## Enquiries

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## Notes to Editors

### 1. Atkins

Atkins ([www.atkinsglobal.com](http://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 world's fifth largest international design firm (sources: New Civil Engineer Consultants File, 2007; Building Magazine, 2007; Engineering News Record, 2007).

### 2. Attachments

Attached to this announcement are: the overview of the period, business review, finance review, statement of directors' responsibilities, the unaudited: consolidated income statement, consolidated 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 at 08:30 today at The City Presentation Centre, 4 Chiswell Street, Finsbury Square, London EC1Y 4UP.

Dial-in details are available from Smithfield for those wishing to join the presentation by conference call.

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

### 4. Cautionary Statement

This half-yearly financial report has been prepared for the shareholders of the Company, as a whole, and its sole purpose and use is to assist shareholders to exercise their governance rights. In particular, this announcement has not been audited or otherwise independently verified. The Company and its directors and employees are not responsible for any other purpose or use or to any other person in relation to this announcement.

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

## **OVERVIEW**

### **Results**

The Group has had a very good first half-year. Revenue has grown by 11% to £633.8m and, as anticipated, operating margins have increased significantly from 4.8% to 6.3%. Taken together, profit before tax from continuing operations increased by 46% to £42.7m.

This reflects good performances across all business segments. The Middle East business was particularly strong with revenues in that region up 35% compared with the same period last year. The significant increase in the Group's operating margin was driven by improved margins in all segments. We anticipate that further improvements in operating margins will be made in the years ahead as we focus on targeted markets, in resource-constrained environments, and on further cost efficiencies.

The investments we have made in staff recruitment, training and development in recent years continued to yield benefits. As planned, our staff numbers in continuing operations increased by over 1,000 in the first six months of the year. At just over 16,900 people, this is 1,900 more than the same time last year. Staff numbers have grown across the Group, particularly in the Middle East where staff numbers are up by more than 40% over last year.

On 18 July 2007 the Metronet infrastructure companies entered PPP Administration and our contracts with Trans4m and Trans4m's contracts with Metronet were subsequently terminated on 30 August 2007. Since then, we have continued to work directly for Metronet under new contractual terms with around 400 staff currently engaged on Metronet projects.

The Group's results also benefited from the £20m profit on the sale of Lambert Smith Hampton and the £17m accelerated release of deferred income in relation to Metronet. Both of these items are shown within discontinued operations.

### **Share buyback**

The Board has reviewed the strength of the Group's balance sheet following the disposal of Lambert Smith Hampton and the resolution of the uncertainty surrounding the Group's investment in Metronet. The Board is mindful of the benefit of maintaining an efficient balance sheet and on this basis, using the authority given by shareholders at our AGM held in September 2007, a share buyback programme will be commenced shortly with the intention of returning up to £100m to shareholders. It is intended to hold the shares in treasury.

### **Outlook**

We anticipate that the Group will make good progress in the rest of the year as our work in hand remains strong with 85% of full year forecast revenue secured (2006: 88%). The markets in which we operate are good and as the Group continues to improve its services, we are confident that we can grow in our targeted markets. Notwithstanding the Group's share buyback, we continue to review further opportunities to invest in the Group's growth.

### **Dividend**

Demonstrating the confidence in the Group's prospects, the Board has agreed an interim dividend of 7.5p per share, up 25% compared with the same period last year. This interim dividend will be paid on 25 January 2008 to all shareholders on the register on 14 December 2007.

## BUSINESS REVIEW

### Design and Engineering Solutions

	Six months to 30 Sept 2007	Six months to 30 Sept 2006 <sup>1</sup>	Increase / (Decrease)
Revenue	<b>£181.8m</b>	£155.6m	17%
Operating profit	<b>£15.7m</b>	£11.6m	35%
Operating margin	<b>8.6%</b>	7.5%	
Share of post-tax JV result	<b>£(0.1)m</b>	£(0.1)m	
Work in hand	<b>83%</b>	87%	
Staff numbers at 30 September	<b>4,730</b>	3,938	20%
Average staff numbers	<b>4,580</b>	3,862	19%

1. Restated to exclude the results from the European businesses previously included within Design and Engineering Solutions that are now included within the Middle East, China and Europe segment

Design and Engineering Solutions performed very well in the first half of the year with operating profit up 35% through a combination of continued growth and improved operating margins. Revenue grew by 17% augmented by the contribution of the Advantage and Boreas businesses acquired in the second half of the last year.

The operating margin grew to 8.6% as our continued focus upon deepening skills in selected markets yielded benefits.

Average staff numbers in the period grew by 19% and Design and Engineering Solutions now has approximately 250 professional staff in India working on UK projects.

Our markets in this segment remain strong, for example:

- As anticipated, we are seeing continued growth in nuclear decommissioning projects and significant activity with AWE.
- Scottish Water and Southern Water framework contracts, awarded earlier in the year, have contributed significantly to our growth in the water sector.
- The integration of Advantage, our acquisition in the defence sector in March 2007, has been successful and we have commenced work on the next phase of the Future Rapid Effects System project.
- Our work in the oil and gas sector continues to benefit from high levels of activity and the successful integration of the acquisitions made last year of MSL and Boreas.
- We currently have approximately 300 staff working on the London Olympic Park where our activities include environmental impact assessments, planning supervision, infrastructure design on the North Park and project management of all enabling works construction. We also have staff working on the design of tunnels, stations and railway alignment for Crossrail where the recently announced funding package presents further opportunities.
- In aerospace, our workload has remained stable and we are positioning ourselves for further growth.

#### Outlook

The outlook for Design and Engineering Solutions remains good. Our markets are strong and secured work in hand represents 83% of the full year forecast revenue (2006: 87%). We are confident that we can continue to make progress.

## Highways and Transportation

	Six months to 30 Sept 2007	Six months to 30 Sept 2006	Increase / (Decrease)
Revenue	<b>£134.0m</b>	£119.6m	12%
Operating profit	<b>£8.0m</b>	£4.0m	100%
Operating margin	<b>6.0%</b>	3.3%	
Share of post-tax JV profits	<b>£0.3m</b>	£0.3m	
Work in hand	<b>89%</b>	92%	
Staff numbers at 30 September	<b>3,114</b>	3,076	1%
Average staff numbers	<b>3,082</b>	3,069	-

Highways and Transportation had, as anticipated, a much improved first half performance with revenues up 12% and operating profit double the equivalent period last year.

Revenue has increased primarily as a result of the contribution from the Cambridgeshire County Council contract which commenced in September 2006. Operating margins improved from 3.3% to 6.0%, mainly due to the non-recurrence of set up costs on the two new county council contracts. In October we were selected as lead bidder on the Highways Agency Area 6 MAC contract.

Our transport planning and design businesses performed well and in September we acquired Intelligent Space Partnership, a small company with 18 staff, which gives us a deeper capability in the modelling of pedestrian movement.

### Outlook

The outlook for Highways and Transportation for the rest of the year is good with 89% of forecast revenue secured. The UK government's recent Comprehensive Spending Review forecast a modest overall increase in transport expenditure over the next few years and there is continued demand for our services, particularly to meet the challenge of increasing the capacity and reliability of road infrastructure.

## Rail

	Six months to 30 Sept 2007	Six months to 30 Sept 2006 <sup>1</sup>	Increase / (Decrease)
Revenue	<b>£102.0m</b>	£102.6m	-
Operating profit	<b>£3.9m</b>	£2.1m	86%
Operating margin	<b>3.8%</b>	2.0%	
Work in hand	<b>87%</b>	91%	
Staff numbers at 30 September	<b>1,740</b>	1,592	9%
Average staff numbers	<b>1,712</b>	1,575	9%

1. Restated to exclude the results from the European businesses previously included within Rail that are now included within the Middle East, China and Europe segment

Rail operating profit increased by 86% while revenue was, as expected, broadly flat following the large increase in the prior year when work commenced on major re-signalling projects for Network Rail.

On 18 July the Metronet infrastructure companies entered PPP Administration and on 30 August our contracts with Trans4m were terminated. Since then we have been working directly for Metronet under new short-term contracts. We continue to provide station and civils design, plus civils inspection and assessment capability and currently have around 400 staff from around the Group working for Metronet.

Operating profit has increased by £1.8m to £3.9m as we have started to benefit from the improved market environment. Our two key clients, Network Rail and Metronet, generate approximately 80%

of this segment's revenue. We anticipate that our results should continue to improve as we enhance our focus upon delivering a quality service.

#### Outlook

The outlook for the rest of the financial year is good with 87% of forecast revenue secured (2006: 91%).

Demand on the UK's rail network continues to grow and as a result we are working with Network Rail to find ways to enhance network capacity. In addition, we are increasingly working for the Passenger Transport Executives (PTEs) to look at ways to improve their infrastructure. We also anticipate continued work for Metronet and its successor, albeit at reduced levels.

#### Middle East, China and Europe

	Six months to 30 Sept 2007	Six months to 30 Sept 2006 <sup>1</sup>	Increase / (Decrease)
Revenue	<b>£87.6m</b>	£72.6m	21%
Operating profit	<b>£4.8m</b>	£3.0m	60%
Operating margin	<b>5.5%</b>	4.1%	
Work in hand	<b>78%</b>	85%	
Staff numbers at 30 September	<b>3,679</b>	3,006	22%
Average staff numbers	<b>3,440</b>	2,755	25%

1. Restated to include Europe portfolio

This year we have reorganised the management of our European businesses and now report their results within this expanded segment. Our businesses in Denmark, Ireland, Poland, Portugal and Sweden were previously included within the Rail and Design and Engineering Solutions segments.

#### Middle East

	Six months to 30 Sept 2007	Six months to 30 Sept 2006	Increase / (Decrease)
Revenue	<b>£52.9m</b>	£39.2m	35%
Operating profit	<b>£4.6m</b>	£3.0m	53%
Operating margin	<b>8.7%</b>	7.7%	
Staff numbers at 30 September	<b>2,148</b>	1,516	42%

Our **Middle East** business continues to grow rapidly with revenue up 35% and operating profit up 53%. The business now employs over 2,100 staff, an increase of 25% in the six-month period and reflective of the continued growth in the market.

There is strong demand for our services and we are establishing a regional capability in urban design and master planning to add to our core services in building design and transportation.

The Dubai Metro project is proceeding well. We have nearly completed work on the Red Line and have made significant progress on the design of the Green Line.

#### China

	Six months to 30 Sept 2007	Six months to 30 Sept 2006	Increase / (Decrease)
Revenue	<b>£14.5m</b>	£14.4m	1%
Operating profit	<b>£0.1m</b>	£0.2m	(50)%
Staff numbers at 30 September	<b>835</b>	861	(3)%

In **China** financial performance in the period was broadly in line with the prior year. We believe the market will become more attractive in the medium term and continue to invest in the business.

### *Europe*

	Six months to 30 Sept 2007	Six months to 30 Sept 2006	Increase / (Decrease)
Revenue	<b>£20.2m</b>	£19.0m	6%
Operating profit	<b>£0.1m</b>	£(0.2)m	
Staff numbers at 30 September	<b>696</b>	629	11%

In the **Europe** portfolio the first priority has been to strengthen the local management teams and to position the businesses for growth. This process is underway. In the first six months of this year a good performance in most of the businesses was, however, impacted by a poor performance from our Swedish business.

### *Outlook*

The **Middle East, China and Europe** segment is dominated by the Middle East where the strong oil price continues to underpin growth in the region and the outlook is excellent. We are investing in the management teams of our **China** and **Europe** businesses to take advantage of opportunities in those markets.

### **Management and Project Services**

	Six months to 30 Sept 2007	Six months to 30 Sept 2006	Increase / (Decrease)
Revenue	<b>£103.1m</b>	£93.6m	10%
Operating profit	<b>£6.5m</b>	£5.6m	16%
Operating margin	<b>6.3%</b>	6.0%	
Work in hand	<b>83%</b>	85%	
Staff numbers at 30 September	<b>2,421</b>	2,226	9%
Average staff numbers	<b>2,350</b>	2,168	8%

Management and Project Services as a whole continues to expand with operating profit up by 16% on revenue growth of 10%.

The results of this segment are mainly derived from **Faithful+Gould**. In the UK, we have performed well and continue to grow in our target sectors of finance, education and industry. Our US business is also growing, with revenue up 12%, driven by a focus on the government, hospitality and energy sectors.

The **Management Consultants** business has had a disappointing start to the year. Although revenue increased by 14% reflecting a full six months of revenue from Mantix, which was acquired in June 2006, there was a significant decrease in operating profit and management has subsequently been changed.

### *Outlook*

Prospects for **Faithful+Gould** in both the UK and US remain strong and we continue to grow our capability and capacity to serve an expanding client base across a number of different industry and government sectors.

Actions taken to improve client focus and improve efficiency in our **Management Consultants** business should benefit future years' results.

## Asset Management

	Six months to 30 Sept 2007	Six months to 30 Sept 2006 <sup>1</sup>	Increase / (Decrease)
Revenue	<b>£25.3m</b>	£25.0m	1%
Operating profit	<b>£1.2m</b>	£1.0m	20%
Operating margin	<b>4.7%</b>	4.0%	
Share of post-tax JV profits	<b>£0.1m</b>	£0.2m	
Work in hand	<b>90%</b>	93%	
Staff numbers at 30 September	<b>675</b>	664	2%
Average staff numbers	<b>678</b>	662	2%

1. Restated to include continuing components of the former Equity Investments segment

Asset Management continues to perform in line with expectations. Operating profit increased by 20% reflecting changes in service mix and improved financial control.

### Outlook

Asset Management continues to be a niche business with opportunities presented by the continuing demand across all markets for independent property management services.

### Discontinued Operations

The disposal of **Lambert Smith Hampton (“LSH”)** to the management team for an enterprise value of £46.5m, together with earn-out potential for a further £10.0m, was completed on 20 July 2007. Cash of £40m was received on completion with the remaining £6.5m in the form of loan notes.

The disposal resulted in an exceptional gain of £20m. In the period to disposal, LSH recorded revenue of £16.0m and a profit after tax of £0.2m.

The **Metronet** infrastructure companies entered PPP Administration on 18 July 2007 and Trans4m's contracts were terminated on 30 August.

An exceptional gain of £17.2m (£12.0m after tax) has arisen on the accelerated release of deferred income following Metronet entering Administration. This relates to the unamortised balance of amounts received by Atkins in April 2003 in respect of bid cost recoveries and project development fees. The amount received was previously being released to the income statement over the 30 year life of the contract in accordance with the Group's policy in relation to bid recovery fees on PPP/PFI investments.

## FINANCE REVIEW

The **Revenue** and **Operating profit** for the six months to 30 September 2007 are discussed in the preceding Business Review.

### Taxation

The Group's effective tax rate on continuing operations was 25.8% (2006: 28.0%). The effective tax rate of 21.7% for the year ended 31 March 2007 included the benefit of the approval of a three-year claim for R&D tax credits.

### Pensions

On 30 September 2007 the defined benefit section of the Atkins Pension Plan, the Group's principal scheme, was closed to future accrual for those members that do not have a statutory or contractual entitlement to a final-salary pension. These members have transferred to a defined contribution section of the plan with effect from 1 October 2007.

### Pension Costs

The cost of the Group's defined benefit pension schemes for the six months to 30 September 2007 amounted to £11.7m (2006: £12.5m).

### Funding

The Group continued to pay accelerated contributions into the Atkins Pension Plan (six months to 30 September 2007: £25.0m; six months to 30 September 2006: £12.5m). An actuarial valuation is currently under way, the results of which are expected to be known later in the year.

### IAS 19

The IAS 19 retirement liability, before deferred tax, is estimated at £158m (30 September 2006: £313m; 31 March 2007: £250m). The significant reduction since 31 March is due to a number of factors including the reduction in discount rates assumed, the additional cash contributions made by the Group and the rise in equity markets in the period. The key assumptions and sensitivities used in the IAS 19 valuation are detailed in note 13 to this half-yearly financial information.

### Earnings per share (EPS)

Basic EPS for the period was 62.2p, and diluted EPS was 61.3p, both including the significant one-off gains in discontinued operations.

From continuing operations, basic EPS was 31.3p (six months to September 2006: 20.9p) and diluted EPS 30.8p (2006: 20.6p).

### Net funds

Net funds may be analysed as follows:

<i>£million</i>	30 Sept 2007	30 Sept 2006	31 March 2007
Cash, cash equivalents	138.9	120.4	187.7
Financial assets	26.6	47.2	49.6
Debt due within one year	(3.5)	-	(0.4)
Debt due after one year	(20.7)	(17.9)	(23.1)
Finance leases	(13.0)	(14.1)	(14.7)
<b>Net funds</b>	<b>128.3</b>	<b>135.6</b>	<b>199.1</b>

## Cash flow

The decrease in net funds in the six months amounted to £70.8m (2006: £41.0m) which may be summarised as follows:

<i>£million</i>	Six months to 30 Sept 2007	Six months to 30 Sept 2006
Operating profit from continuing operations	40.1	27.3
Working capital outflow	(48.5)	(41.9)
Pension contributions in excess of charge to operating profit	(20.7)	(10.1)
Income tax (paid)/received	(14.0)	0.9
Dividend paid	(14.0)	(11.1)
Acquisitions	(0.6)	(8.6)
All other items (net)	1.0	7.6
Net decrease in net funds on continuing operations	(56.7)	(35.9)
Discontinued operations: Metronet, Trans4m and related	(48.8)	(4.9)
Discontinued operations: LSH	34.7	(0.2)
Net decrease in net funds	(70.8)	(41.0)

The working capital outflow of £48.5m was anticipated and reflects the normal seasonality of our business.

## Risk

The Group considers strategic, financial and operational risks and identifies actions to mitigate those risks. Key risks and their mitigation are disclosed in the 2007 Annual Report and no significant new risks have been identified in the period.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm that this condensed set of financial statements has been prepared in accordance with IAS 34, as adopted by the European Union, and that the half-yearly management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

There has been no change to the directors of WS Atkins plc listed in the Annual Report for 31 March 2007.

By order of the Board

Richard Webster  
Company Secretary

27 November 2007

**Consolidated income statement for the six months ended 30 September 2007 (unaudited)**

	Notes	Six months to 30 Sept 2007 £m	Six months to 30 Sept 2006 £m	Year to 31 March 2007 £m
<b>Continuing operations</b>				
Revenue (Group and share of Joint Ventures)		<b>665.8</b>	597.3	1,240.3
<b>Revenue</b>	4	<b>633.8</b>	569.0	1,179.8
Cost of sales – normal		<b>(411.7)</b>	(386.4)	(777.1)
Cost of sales – exceptional	8	-	-	(4.0)
<b>Gross profit</b>		<b>222.1</b>	182.6	398.7
Administrative expenses		<b>(182.0)</b>	(155.3)	(335.0)
<b>Operating profit</b>	4,13	<b>40.1</b>	27.3	63.7
Share of post-tax profit from Joint Ventures	5	<b>0.3</b>	0.4	2.8
<b>Profit from operations</b>		<b>40.4</b>	27.7	66.5
Finance income	6	<b>5.0</b>	4.1	9.0
Finance cost	6	<b>(2.7)</b>	(2.5)	(5.4)
Net finance income	6	<b>2.3</b>	1.6	3.6
<b>Profit before taxation</b>		<b>42.7</b>	29.3	70.1
Income tax expense – normal	7	<b>(11.0)</b>	(8.2)	(16.4)
Income tax expense – exceptional	7,8	-	-	1.2
<b>Profit for the period from continuing operations</b>		<b>31.7</b>	21.1	54.9
<b>Discontinued operations</b>	5,9	<b>31.4</b>	0.9	(112.2)
<b>Profit / (loss) for the period attributable to equity shareholders</b>		<b>63.1</b>	22.0	(57.3)
<b>Earnings per share</b>				
<b>From continuing and discontinued operations (total)</b>				
Basic earnings / (loss) per share	11	<b>62.2p</b>	21.9p	(56.8)p
Diluted earnings / (loss) per share	11	<b>61.3p</b>	21.5p	(56.8)p
<b>From continuing operations</b>				
Basic earnings per share	11	<b>31.3p</b>	20.9p	54.4p
Diluted earnings per share	11	<b>30.8p</b>	20.6p	53.8p
<b>Dividends</b>				
Dividends recognised in the period – paid	10	<b>14.0p</b>	11.5p	17.5p
Dividends relating to the period - proposed	10	<b>7.5p</b>	6.0p	20.0p

The notes on pages 14 to 25 form part of the half-yearly financial information.

**Consolidated balance sheet as at 30 September 2007 (unaudited)**

	Notes	30 Sept 2007 £m	30 Sept 2006 £m	31 March 2007 £m
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill		49.3	43.1	64.8
Other intangible assets		6.1	10.7	9.4
Property, plant and equipment		43.4	47.9	46.2
Investments in Joint Ventures		2.8	54.9	(26.0)
Financial assets		-	20.1	-
Deferred income tax assets		59.0	109.1	89.8
Trade and other receivables		5.4	0.5	0.1
		<b>166.0</b>	<b>286.3</b>	<b>184.3</b>
<b>Current assets</b>				
Inventories		0.5	0.4	0.4
Trade and other receivables		300.2	277.3	284.0
Financial assets		26.6	27.1	49.6
Cash and cash equivalents		138.9	120.4	187.7
		<b>466.2</b>	<b>425.2</b>	<b>521.7</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Borrowings	12	(7.0)	(3.8)	(3.7)
Trade and other payables		(365.9)	(344.6)	(418.7)
Current income tax liabilities		(23.9)	(20.2)	(28.3)
Provisions for liabilities and charges		(7.7)	(2.5)	(8.7)
		<b>(404.5)</b>	<b>(371.1)</b>	<b>(459.4)</b>
<b>Net current assets</b>		<b>61.7</b>	<b>54.1</b>	<b>62.3</b>
<b>Non-current liabilities</b>				
Borrowings	12	(30.2)	(28.2)	(34.5)
Provisions for liabilities and charges		(12.7)	(10.5)	(14.3)
Retirement benefit liabilities	13	(158.0)	(313.0)	(250.1)
Other non-current liabilities		(4.3)	(23.7)	(23.8)
		<b>(205.2)</b>	<b>(375.4)</b>	<b>(322.7)</b>
<b>Net assets / (liabilities)</b>		<b>22.5</b>	<b>(35.0)</b>	<b>(76.1)</b>
<b>Capital and reserves</b>				
Ordinary shares	14,15	0.5	0.5	0.5
Share premium account	15	62.4	62.4	62.4
Merger reserve	15	8.9	8.9	8.9
Retained loss	15	(49.3)	(106.8)	(147.9)
<b>Equity shareholders' funds / (deficit)</b>		<b>22.5</b>	<b>(35.0)</b>	<b>(76.1)</b>

The notes on pages 14 to 25 form part of the half-yearly financial information.

**Consolidated cash flow statement for the six months ended 30 September 2007 (unaudited)**

	Notes	Six months to 30 Sept 2007 £m	Six months to 30 Sept 2006 £m	Year to 31 March 2007 £m
<b>Cash flows from operating activities</b>				
Cash (used in) / generated from operations	16	(16.8)	(9.3)	93.9
Interest received		5.0	4.1	8.9
Interest paid		(1.5)	(0.8)	(2.1)
Income tax (paid) / received		(14.0)	0.9	4.9
Discontinued operations	9	3.5	1.4	10.8
<b>Net cash (used in)/generated from operating activities</b>		<b>(23.8)</b>	<b>(3.7)</b>	<b>116.4</b>
<b>Cash flows from investing activities</b>				
Distributions received from Joint Ventures		0.3	0.2	1.7
Investments in Joint Ventures		(0.4)	-	-
Acquisition of subsidiaries				
- Consideration		(0.8)	(11.0)	(29.6)
- Cash acquired		0.2	2.4	3.4
Purchases of property, plant and equipment		(9.3)	(8.3)	(16.2)
Proceeds from disposal of property, plant and equipment		0.4	0.3	0.6
Financial assets		23.0	(6.4)	(8.8)
Purchases of other intangible assets		(3.5)	(5.1)	(8.6)
Discontinued operations	9	(17.3)	(5.9)	(20.5)
<b>Net cash used in investing activities</b>		<b>(7.4)</b>	<b>(33.8)</b>	<b>(78.0)</b>
<b>Cash flows from financing activities</b>				
Repayment of short-term loans		-	(2.7)	(2.7)
Repayment of long-term loans		-	(1.4)	(1.6)
Finance lease principal payments		(1.9)	(1.3)	(2.8)
Sales of own shares by Employee Benefit Trusts		-	0.1	0.1
Equity dividends paid to shareholders		(14.0)	(11.1)	(17.7)
Discontinued operations	9	(0.3)	(0.6)	(1.2)
<b>Net cash used in financing activities</b>		<b>(16.2)</b>	<b>(17.0)</b>	<b>(25.9)</b>
<b>Net (decrease)/increase in cash, cash equivalents and bank overdrafts</b>		<b>(47.4)</b>	<b>(54.5)</b>	<b>12.5</b>
Cash, cash equivalents and bank overdrafts at beginning of period		187.7	177.4	177.4
Exchange losses on cash, cash equivalents and bank overdrafts		(1.4)	(2.5)	(2.2)
<b>Cash, cash equivalents and bank overdrafts at end of period</b>		<b>138.9</b>	<b>120.4</b>	<b>187.7</b>

The notes on pages 14 to 25 form part of the half-yearly financial information.

**Consolidated statement of recognised income and expense for the six months ended 30 September 2007 (unaudited)**

	Notes	Six months to 30 Sept 2007 £m	Six months to 30 Sept 2006 £m	Year to 31 March 2007 £m
Actuarial gain / (loss) on retirement benefit liabilities	13	72.0	(22.0)	31.3
Share of Joint Venture financial derivatives		(0.2)	4.0	7.5
Tax on items charged to equity		(24.2)	6.6	(8.5)
Net differences on exchange		(0.6)	(0.4)	(0.2)
Net income / (expense) recognised directly to equity		47.0	(11.8)	30.1
Profit / (loss) for the period		63.1	22.0	(57.3)
<b>Total recognised income and expense for the year attributable to equity shareholders</b>		<b>110.1</b>	<b>10.2</b>	<b>(27.2)</b>

The notes on pages 14 to 25 form part of the half-yearly financial information.

**Notes to the financial information for the six months ended 30 September 2007 (unaudited)**

**1. General Information**

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

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

This condensed consolidated half-year financial information was approved for issue on 27 November 2007. It has not been audited or reviewed by the Group's independent auditors.

These half-year financial results do not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985. Statutory accounts for the year ended 31 March 2007 were approved by the Board of directors on 26 June 2007 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 237 of the Companies Act 1985.

**2. Basis of preparation**

This condensed consolidated half-yearly financial information for the six months ended 30 September 2007 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. The half-yearly condensed consolidated financial report should be read in conjunction with the annual financial statements for the year ended 31 March 2007, which have been prepared in accordance with EU-Adopted International Financial Reporting Standards (IFRSs), IFRIC interpretations and the Companies Act 1985 applicable to companies reporting under IFRS.

**3. Accounting policies**

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2007, as described in those annual financial statements. There have been no new standards or interpretations adopted.

#### 4. Segmental reporting – business segments

Six months to 30 September 2007	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	189.9	(8.1)	181.8	15.7	8.6%	(0.1)
Highways and Transportation	140.5	(6.5)	134.0	8.0	6.0%	0.3
Rail	113.0	(11.0)	102.0	3.9	3.8%	-
Middle East, China and Europe	96.6	(9.0)	87.6	4.8	5.5%	-
Management and Project Services	107.9	(4.8)	103.1	6.5	6.3%	-
Asset Management	26.3	(1.0)	25.3	1.2	4.7%	0.1
<b>Total continuing segments</b>	<b>674.2</b>	<b>(40.4)</b>	<b>633.8</b>	<b>40.1</b>	<b>6.3%</b>	<b>0.3</b>
Discontinued operations	33.3	(0.1)	33.2	17.0	51.2%	-
<b>Total</b>	<b>707.5</b>	<b>(40.5)</b>	<b>667.0</b>	<b>57.1</b>	<b>8.6%</b>	<b>0.3</b>

Six months to 30 September 2006 (restated)	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	162.5	(6.9)	155.6	11.6	7.5%	(0.1)
Highways and Transportation	129.0	(9.4)	119.6	4.0	3.3%	0.3
Rail	114.4	(11.8)	102.6	2.1	2.0%	-
Middle East, China and Europe	76.6	(4.0)	72.6	3.0	4.1%	-
Management and Project Services	98.3	(4.7)	93.6	5.6	6.0%	-
Asset Management	26.5	(1.5)	25.0	1.0	4.0%	0.2
<b>Total continuing segments</b>	<b>607.3</b>	<b>(38.3)</b>	<b>569.0</b>	<b>27.3</b>	<b>4.8%</b>	<b>0.4</b>
Discontinued operations	36.5	-	36.5	2.6	7.1%	(0.7)
<b>Total</b>	<b>643.8</b>	<b>(38.3)</b>	<b>605.5</b>	<b>29.9</b>	<b>4.9%</b>	<b>(0.3)</b>

Year to 31 March 2007 (restated)	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	333.6	(12.8)	320.8	25.9	8.1%	-
Highways and Transportation	265.9	(15.4)	250.5	13.2	5.3%	0.6
Rail	238.4	(23.3)	215.1	2.6	1.2%	-
Middle East, China and Europe	161.6	(12.7)	148.9	7.5	5.0%	-
Management and Project Services	201.9	(8.3)	193.6	12.5	6.5%	-
Asset Management	53.5	(2.6)	50.9	2.0	3.9%	2.2
<b>Total continuing segments</b>	<b>1,254.9</b>	<b>(75.1)</b>	<b>1,179.8</b>	<b>63.7</b>	<b>5.4%</b>	<b>2.8</b>
Discontinued – trading	83.8	-	83.8	8.9	10.6%	(48.2)
Discontinued – impairment of investment in Joint Ventures						(70.0)
<b>Total</b>	<b>1,338.7</b>	<b>(75.1)</b>	<b>1,263.6</b>	<b>72.6</b>	<b>5.7%</b>	<b>(115.4)</b>

#### 4. Segmental reporting – business segments (continued)

Included within Operating profit for the year to 31 March 2007 is £4.0m exceptional loss (refer note 8) relating to Design and Engineering Solutions (£1.1m), Rail (£2.6m) and Management and Project Services (£0.3m).

Design and Engineering Solutions and Rail segments have been restated to exclude the results of other European businesses that are now reported within the Middle East, China and Europe segment. The continuing elements of the former Equity Investments segment are now shown within Asset Management.

#### 5. Share of post-tax profit/(loss) from Joint Ventures

	Continuing £m	Discontinued (note 9) £m	Total £m
<b>Six months to 30 September 2007</b>			
Revenue	32.0	144.7	176.7
Operating expenditure	(31.8)	(138.7)	(170.5)
Operating profit	0.2	6.0	6.2
Finance cost	(2.1)	(8.3)	(10.4)
Finance income	2.3	0.9	3.2
Profit / (loss) before taxation	0.4	(1.4)	(1.0)
Income tax (expense) / credit	(0.1)	1.4	1.3
Share of post-tax profit from Joint Ventures	0.3	-	0.3

	Continuing £m	Discontinued (note 9) £m	Total £m
<b>Six months to 30 September 2006</b>			
Revenue	28.3	158.5	186.8
Operating expenditure	(27.9)	(159.9)	(187.8)
Operating profit / (loss)	0.4	(1.4)	(1.0)
Finance cost	(2.2)	(7.7)	(9.9)
Finance income	2.3	8.2	10.5
Profit / (loss) before taxation	0.5	(0.9)	(0.4)
Income tax (expense) / credit	(0.1)	0.2	0.1
Share of post-tax profit / (loss) from Joint Ventures	0.4	(0.7)	(0.3)

	Continuing £m	Discontinued (note 9) £m	Total £m
<b>Year to 31 March 2007</b>			
Revenue	60.5	315.8	376.3
Operating expenditure	(58.1)	(377.9)	(436.0)
Operating profit / (loss)	2.4	(62.1)	(59.7)
Finance cost	(4.4)	(19.4)	(23.8)
Finance income	4.7	19.2	23.9
Profit / (loss) before taxation	2.7	(62.3)	(59.6)
Income tax credit	0.1	14.1	14.2
Share of post-tax profit / (loss) from Joint Ventures	2.8	(48.2)	(45.4)

## 6. Net finance (income)/cost

	Six months to 30 Sept 2007 £m	Six months to 30 Sept 2006 £m	Year to 31 March 2007 £m
Interest payable on borrowings	1.2	0.5	1.0
Hire purchase and finance leases	0.3	0.3	0.7
Unwinding of discount	0.3	0.3	0.5
Net finance cost on retirement benefit liabilities (note 13)	0.6	1.2	2.4
Other	0.3	0.2	0.8
Finance cost	2.7	2.5	5.4
Finance income	(5.0)	(4.1)	(9.0)
<b>Net finance income</b>	<b>(2.3)</b>	<b>(1.6)</b>	<b>(3.6)</b>

## 7. Income taxes

The Group's income tax expense from continuing activities (including the Group's share of jointly controlled entities' income tax) for the six months ended 30 September 2007 is calculated on the estimated average annual effective income tax rate of 25.8% (six months ended 30 September 2006: 28.0% and year ended 31 March 2007: 21.7%). This effective rate differs from the UK standard corporation tax rate of 30% (six months ended 30 September 2006: 30% and year ended 31 March 2007: 30%) due to items such as the effect of tax rates in foreign jurisdictions, R&D tax credits and non-deductible expenses.

It has been announced that the UK standard corporation tax rate applicable to the Company will change from 30% to 28% with effect from 1 April 2008. Deferred tax has been calculated in accordance with IAS 12 'Income Taxes' at 30% for those timing differences which reverse before 1 April 2008 and at 28% for those timing differences which are expected to reverse after 1 April 2008. This has resulted in a £3.3m reduction in the deferred tax asset.

## 8. Exceptional items (Year ended 31 March 2007)

Exceptional items originally disclosed in the financial statements for the year ended 31 March 2007 related to the Metronet Enterprise. As a result of Metronet BCV Limited and Metronet SSL Limited entering PPP Administration, the majority of these items are now disclosed under Discontinued operations (see note 9). The exceptional charges shown below are in respect of the Group's supply chain work and relate to anticipated future losses.

	Year to 31 March 2007 £m
<b>Operating entities' exceptional items:</b>	
Atkins supply chain exceptional loss included in operating profit	(4.0)
Tax credit on exceptional loss	1.2
<b>Operating entities' post-tax exceptional loss</b>	<b>(2.8)</b>

## 9. Discontinued operations

### *Metronet Joint Venture, Trans4m Joint Venture and related discontinued revenue and costs*

Metronet BCV Limited and Metronet SSL Limited entered PPP Administration on 18 July 2007 and Trans4m's contracts were terminated on 30 August 2007.

Their results are presented in this condensed half-year financial information as a discontinued operation and are also separately disclosed in note 5. In addition, certain associated revenues and costs, including the accelerated release of deferred income relating to the reimbursement of bid costs received at financial close in April 2003, have been classified as discontinued.

Financial information relating to these operations for the period to date is set out below. The income statement and cash flow statement distinguish discontinued operations from continuing operations.

#### **Income statement and cash flow information**

	<b>Six months to 30 Sept 2007</b>	Six months to 30 Sept 2006	Year to 31 March 2007
	<b>£m</b>	£m	£m
Revenue	<b>17.2</b>	1.0	2.0
Administrative Expenses	<b>(0.4)</b>	(0.3)	(0.6)
Net finance cost	<b>(0.8)</b>	(0.5)	(1.0)
Impairment of investment in Joint Ventures	-	-	(70.0)
Share of post-tax loss from Joint Ventures (note 5)	-	(0.7)	(48.2)
Profit / (loss) before taxation	<b>16.0</b>	(0.5)	(117.8)
Income tax expense	<b>(4.8)</b>	(0.1)	(0.1)
<b>Profit / (loss) after income tax of discontinued operations</b>	<b>11.2</b>	(0.6)	(117.9)
Operating cash flows from discontinued operations	<b>(0.8)</b>	0.4	0.7
Investing cash flows from discontinued operations	<b>(48.0)</b>	(5.3)	(18.0)
Financing cash flows from discontinued operations	-	-	-
<b>Total cash flows from discontinued operations</b>	<b>(48.8)</b>	(4.9)	(17.3)

### *Lambert Smith Hampton (LSH)*

On 25 June 2007 contracts were exchanged for the disposal of LSH for a total consideration valued at £50.8m together with earn-out potential for a further £10m depending on LSH's performance in the year ending 31 March 2008. The profit on disposal was £20.0m, assuming that no additional payments are made in relation to the performance in the year ending 31 March 2008. Goodwill disposed of was £17.5m, including £2.6m within LSH's own balance sheet.

LSH's results and the profit on disposal are presented in this condensed half-year financial information as a discontinued operation.

Financial information relating to LSH for the period to date of disposal is set out below. The income statement and cash flow statement distinguish discontinued operations from continuing operations.

**9. Discontinued operations** (continued)  
**Lambert Smith Hampton** (continued)

**Income statement and cash flow information**

	Six months to 30 Sept 2007 £m	Six months to 30 Sept 2006 £m	Year to 31 March 2007 £m
Revenue	16.0	35.5	81.8
Cost of sales and Administrative expenses	(15.8)	(33.6)	(74.3)
Net finance income	0.2	0.2	0.6
Profit before taxation	0.4	2.1	8.1
Income tax expense	(0.2)	(0.6)	(2.4)
Profit after income tax of discontinued operations	0.2	1.5	5.7
Pre-tax profit on disposal	20.0	-	-
Income tax expense	-	-	-
After-tax profit on disposal	20.0	-	-
<b>Profit from discontinued operations</b>	<b>20.2</b>	<b>1.5</b>	<b>5.7</b>
Operating cash flows from discontinued operations	4.3	1.0	10.1
Investing cash flows from discontinued operations	(0.2)	(0.6)	(2.5)
Investing cash flows – cash proceeds on disposal net of cash disposed	30.9	-	-
Financing cash flows from discontinued operations	(0.3)	(0.6)	(1.2)
<b>Total cash flows from discontinued operations</b>	<b>34.7</b>	<b>(0.2)</b>	<b>6.4</b>

**Consideration received and receivable:**

Initial cash consideration	40.0
Working capital adjustment	5.5
Loan notes	6.5
Discounting of loan notes to present value	(1.2)
<b>Disposal consideration</b>	<b>50.8</b>

**Assets and liabilities of LSH as at 25 June 2007, the effective date of the disposal**

	25 June 2007 £m
Goodwill	2.6
Property, plant and equipment	5.4
Trade and other receivables	18.5
Cash and cash equivalents	14.6
Trade and other payables	(24.2)
Borrowings	(4.0)
Other liabilities	(0.1)
<b>Net assets and liabilities of LSH</b>	<b>12.8</b>

## 10. Dividends

	Six months to 30 Sept 2007 pence	Six months to 30 Sept 2007 £m	Six months to 30 Sept 2006 pence	Six months to 30 Sept 2006 £m	Year to 31 March 2007 pence	Year to 31 March 2007 £m
Final dividend recognised for the year ended 31 March 2007 (2006)	14.0p	14.2	11.5p	11.6	11.5p	11.6
Half-year dividend recognised for the period ended 30 Sept 2006	-	-	-	-	6.0p	6.1
<b>Dividends recognised in the period</b>	<b>14.0p</b>	<b>14.2</b>	<b>11.5p</b>	<b>11.6</b>	<b>17.5p</b>	<b>17.7</b>
Half-year dividend proposed for the period ended 30 Sept 2007 (2006)	7.5p	7.6	6.0p	6.1	6.0p	6.1
Final dividend proposed for the year ended 31 March 2007	-	-	-	-	14.0p	14.2
<b>Dividends relating to the period (paid and proposed)</b>	<b>7.5p</b>	<b>7.6</b>	<b>6.0p</b>	<b>6.1</b>	<b>20.0p</b>	<b>20.3</b>

## 11. 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.

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 long term incentive plans and 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 2007 number ('000)	Six months to 30 Sept 2006 number ('000)	Year to 31 March 2007 number ('000)
<b>Number of shares</b>			
Weighted average number of shares used in basic EPS and normalised EPS	101,439	100,665	100,901
Effect of dilutive securities - Share options	1,420	1,623	1,204
Weighted average number of shares used in diluted EPS and normalised diluted EPS	102,859	102,288	102,105
	£m	£m	£m
<b>Earnings – continuing and discontinued operations</b>			
Profit / (loss) for the period attributable to equity shareholders	63.1	22.0	(57.3)
<b>Earnings – continuing operations</b>			
Profit for the period attributable to equity shareholders	31.7	21.1	54.9
Exceptional items (note 8)	-	-	2.8
Normalised earnings	31.7	21.1	57.7

## 11. Earnings per share (continued)

	Six months to 30 Sept 2007 pence	Six months to 30 Sept 2006 pence	Year to 31 March 2007 pence
<b>Continuing and discontinued operations</b>			
Basic earnings / (loss) per share (post exceptional)	62.2	21.9	(56.8)
Diluted earnings / (loss) per share (post exceptional)	61.3	21.5	(56.8)
<b>Continuing operations</b>			
Basic earnings per share (post exceptional)	31.3	20.9	54.4
Diluted earnings per share (post exceptional)	30.8	20.6	53.8
Normalised basic earnings per share (pre exceptional)	31.3	20.9	57.2
Normalised diluted earnings per share (pre exceptional)	30.8	20.6	56.5

Normalised diluted EPS (before exceptional items) is considered to be the most representative measure of underlying trading.

## 12. Borrowings

	30 Sept 2007 £m	30 Sept 2006 £m	31 March 2007 £m
<b>Current</b>			
Hire purchase and finance leases	3.5	3.8	3.3
Loan notes	3.5	-	0.4
	<b>7.0</b>	<b>3.8</b>	<b>3.7</b>
<b>Non-current</b>			
Bank loans	16.9	17.9	17.3
Hire purchase and finance leases	9.5	10.3	11.4
Loan notes	3.8	-	5.8
	<b>30.2</b>	<b>28.2</b>	<b>34.5</b>

Movements in borrowings are analysed as follows:

	Six months to 30 Sept 2007 £m	Six months to 30 Sept 2006 £m	Year to 31 March 2007 £m
At beginning of period	38.2	41.6	41.6
Acquisition of subsidiaries	1.5	-	6.2
Additions to finance leases	3.8	3.2	0.4
Repayment of borrowings	-	(4.1)	(4.3)
Repayment of finance leases	(1.9)	(1.3)	(2.8)
Disposal of finance leases	-	(0.3)	-
Difference on exchange	(0.4)	(1.2)	(1.7)
Reclassification of lease incentives	-	(5.3)	-
Borrowings of discontinued operations	(4.0)	(0.6)	(1.2)
At end of period	<b>37.2</b>	<b>32.0</b>	<b>38.2</b>

## 13. Retirement benefit liabilities

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

### 13. Retirement benefit liabilities (continued)

At 30 September 2007 the defined benefit section of the Atkins Pension Plan was closed to future accrual of benefit for members that do not enjoy a statutory or contractual right to a final salary pension. These members have transferred to a defined contribution section of the plan with effect from 1 October 2007.

The defined benefit sections of all pension schemes are 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.

	<b>30 Sept 2007</b>	30 Sept 2006	31 March 2007
Price inflation	<b>3.30%</b>	2.90%	3.10%
Rate of increase of pensions in payment			
Limited Price Indexation	<b>3.30%</b>	2.90%	3.10%
Limited Price Indexation to 2.5%	<b>2.50%</b>	2.50%	2.50%
Fixed	<b>5.00%</b>	5.00%	5.00%
Rate of increase in salaries	<b>4.80%</b>	4.40%	4.60%
Rate of increase for deferred pensioners	<b>3.30%</b>	2.90%	3.10%
Discount rate	<b>5.90%</b>	5.05%	5.35%
Expected rate of return on plan assets	<b>6.70%</b>	6.90%	6.70%
Expected rate of social security increases	<b>3.30%</b>	2.90%	3.10%
Longevity at age 65 for current pensioners			
Men	<b>18.8 years</b>	18.7 years	18.8 years
Women	<b>21.8 years</b>	21.7 years	21.8 years
Longevity at age 65 for future pensioners (current age 45)			
Men	<b>21.0 years</b>	20.9 years	21.0 years
Women	<b>24.0 years</b>	23.9 years	24.0 years

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

	<b>Six months to 30 Sept 2007 £m</b>	Six months to 30 Sept 2006 £m	Year to 31 March 2007 £m
<b>Cost of sales</b>			
Current service cost	<b>11.1</b>	11.3	22.5
<b>Finance cost / (income)</b>			
Finance cost	<b>28.1</b>	25.8	51.7
Expected return on plan assets	<b>(27.5)</b>	(24.6)	(49.3)
Net finance cost	<b>0.6</b>	1.2	2.4
<b>Total charge to income statement for defined benefit schemes</b>	<b>11.7</b>	12.5	24.9
<b>Statement of recognised income and expense</b>			
(Loss) / gain on pension scheme assets	<b>(7.0)</b>	(23.4)	3.4
Changes in assumptions	<b>79.0</b>	1.4	27.9
Actuarial gain / (loss)	<b>72.0</b>	(22.0)	31.3
Deferred tax charged to equity	<b>(24.2)</b>	6.6	(9.6)
Actuarial gain / (loss) net of deferred tax	<b>47.8</b>	(15.4)	21.7

### 13. Retirement benefit liabilities (continued)

Retirement benefit liabilities comprise the following:

	<b>30 Sept 2007</b>	30 Sept 2006	March 2007
	<b>£m</b>	£m	£m
Defined benefit obligation	<b>(1,013.0)</b>	(1,055.6)	(1,058.2)
Fair value of plan assets	<b>855.0</b>	742.6	808.1
<b>Retirement benefit liabilities</b>	<b>(158.0)</b>	(313.0)	(250.1)
Deferred tax on retirement benefit liabilities	<b>44.6</b>	93.9	75.0
<b>Post-tax retirement benefit liabilities</b>	<b>(113.4)</b>	(219.1)	(175.1)

Under the Atkins Pension Plan there are retirement benefit liabilities of £155.5m (30 September 2006: £286.2m; 31 March 2007: £235.0m) representing £111.5m after deferred tax (30 September 2006: £200.3m; 31 March 2007: £164.5m).

Under the Railways Pension Scheme there are retirement benefit liabilities of £2.0m (30 September 2006: £26.3m; 31 March 2007: £14.5m) representing £1.4m after deferred tax (30 September 2006: £18.4m; 31 March 2007: £10.2m).

Under other defined benefit schemes there are retirement benefit liabilities of £0.5m (30 September 2006: £0.5m; 31 March 2007: £0.6m).

Movements in the retirement benefit liabilities are as follows:

	<b>Six months to 30 Sept 2007</b>	Six months to 30 Sept 2006	Year to 31 March 2007
	<b>£m</b>	£m	£m
At beginning of period	<b>(250.1)</b>	(299.9)	(299.9)
Service cost	<b>(11.1)</b>	(11.3)	(22.5)
Net finance cost	<b>(0.6)</b>	(1.2)	(2.4)
Contributions	<b>31.8</b>	21.4	43.4
Actuarial gain / (loss)	<b>72.0</b>	(22.0)	31.3
At end of period	<b>(158.0)</b>	(313.0)	(250.1)

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

	Change in assumption	Effect on plan liabilities	
		Atkins Pension Plan	Railways Pension Scheme
Discount rate	Increase/decrease 0.5%	Decrease/increase 10.0%	Decrease/increase 9.0%
Inflation	Increase/decrease 0.5%	Increase/decrease 6.5%	Increase/decrease 9.0%
Real rate of increase in salaries	Increase/decrease 0.5%	Increase/decrease 2.0%	Increase/decrease 3.0%
Longevity	Increase 1 year	Increase 4.0%	Increase 3.0%

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

## 14. Ordinary shares

	30 Sept 2007 £m	30 Sept 2006 £m	31 March 2007 £m
<b>Authorised</b>			
At beginning and end of period, ordinary shares of 0.5p each	<b>0.8</b>	0.8	0.8
<b>Issued and fully paid ordinary shares of 0.5p each</b>			
At beginning of period	<b>0.5</b>	0.5	0.5
At end of period	<b>0.5</b>	0.5	0.5

## 15. Statement of changes in equity

	Share capital £m	Share premium account £m	Merger reserve £m	Retained (loss) / earnings £m	Equity shareholders' (deficit)/funds £m
Balance at 1 April 2007	0.5	62.4	8.9	(147.9)	(76.1)
Profit for the period	-	-	-	63.1	63.1
Dividends	-	-	-	(14.2)	(14.2)
Actuarial gain on retirement benefit liabilities (note 13)	-	-	-	47.8	47.8
Share-based movements	-	-	-	2.7	2.7
Employee Benefit Trusts	-	-	-	-	-
Share of Joint Venture financial derivatives	-	-	-	(0.2)	(0.2)
Net differences on exchange	-	-	-	(0.6)	(0.6)
<b>Balance at 30 September 2007</b>	<b>0.5</b>	<b>62.4</b>	<b>8.9</b>	<b>(49.3)</b>	<b>22.5</b>

	Share capital £m	Share premium account £m	Merger reserve £m	Retained (loss) / earnings £m	Equity shareholders' (deficit)/funds £m
Balance at 1 April 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 13)	-	-	-	(15.4)	(15.4)
Share-based movements	-	-	-	2.4	2.4
Employee Benefit Trusts	-	-	-	0.1	0.1
Share of Joint Venture financial derivatives	-	-	-	4.0	4.0
Net differences on exchange	-	-	-	(0.4)	(0.4)
<b>Balance at 30 September 2006</b>	<b>0.5</b>	<b>62.4</b>	<b>8.9</b>	<b>(106.8)</b>	<b>(35.0)</b>

	Share capital £m	Share premium account £m	Merger reserve £m	Retained (loss) / earnings £m	Equity shareholders' (deficit)/funds £m
Balance at 1 April 2006	0.5	62.4	8.9	(107.9)	(36.1)
Loss for the period	-	-	-	(57.3)	(57.3)
Dividends	-	-	-	(17.7)	(17.7)
Actuarial gain on retirement benefit liabilities (note 13)	-	-	-	21.7	21.7
Share-based movements	-	-	-	5.9	5.9
Employee Benefit Trusts	-	-	-	0.1	0.1
Share of Joint Venture financial derivatives	-	-	-	7.5	7.5
Net differences on exchange	-	-	-	(0.2)	(0.2)
<b>Balance at 31 March 2007</b>	<b>0.5</b>	<b>62.4</b>	<b>8.9</b>	<b>(147.9)</b>	<b>(76.1)</b>

The amounts above are shown net of taxation.

## 16. Cash generated from / (used in) continuing operations

	Six months to 30 Sept 2007 £m	Six months to 30 Sept 2006 £m	Year to 31 March 2007 £m
Profit for the period from continuing operations	31.7	21.1	54.9
Adjustments for:			
Income tax	11.0	8.2	15.2
Finance income (note 6)	(5.0)	(4.1)	(9.0)
Finance cost (note 6)	2.7	2.5	5.4
Share of post-tax profits from Joint Ventures	(0.3)	(0.4)	(2.8)
Depreciation charges	9.8	8.8	18.8
Amortisation of software intangible assets	4.2	5.4	10.9
Amortisation of acquisition intangible assets	0.5	0.2	0.6
Release of deferred income	(2.0)	(0.1)	(0.2)
Share based payment charge	2.7	2.4	5.1
Profit on disposal of property, plant and equipment	(0.2)	-	(0.1)
Movement in provisions	(2.7)	(1.3)	8.5
Movement in pensions	(20.7)	(10.1)	(20.9)
Movement in working capital	(48.5)	(41.9)	7.5
<b>Cash (used in)/generated from continuing operations</b>	<b>(16.8)</b>	<b>(9.3)</b>	<b>93.9</b>

## 17. Business combinations

On 5 September 2007 the Group acquired 100% of the share capital of Intelligent Space Partnership Limited, an English registered entity, for a deferred consideration in loan notes with a present value of £2.3m

Fuller disclosures in respect of business combinations will be provided in the Group's financial statements for the year ended 31 March 2008.

## 18. Related party transactions

Details of the directors' shareholdings, share options and remuneration are disclosed in the Annual Report. It is not considered meaningful to disclose this information at the half year.

Transactions with the retirement benefit schemes are disclosed in note 13.

The Group entered into a number of transactions with its Joint Ventures during the period.

END