

Directors' Report

The directors present their annual report on the affairs of the Company and the Group, together with the Financial Statements and the Independent Auditor's Report, for the year ended 31 March 2009. These will be laid before shareholders at the Annual General Meeting (AGM) to be held at 1630 hours on Wednesday 9 September 2009. Details of the business to be considered at the AGM, together with an explanation of all the resolutions, are set out in the separate Notice of Meeting.

Principal activities and business review

WS Atkins plc is the ultimate holding company of a group of companies. Detailed information on the Group's principal activities, its performance during the past year and its prospects for future development are reported in the Chairman's Statement (pages 6 to 7), the Chief Executive's Statement (pages 8 to 12), the Human Resources Review (pages 14 to 17), the Business Review (pages 18 to 37) and the Corporate Responsibility Review (pages 38 to 44). The statements and reviews are incorporated into this report by reference, together with the list of the principal subsidiary undertakings and the countries in which they operate (note 40 to the Financial Statements on page 116).

Acquisitions and disposals made by the Group during the year are described in notes 9 and 15 to the Financial Statements (pages 90 to 94).

Results and dividends

The Group profit after tax for the year of £84.2m (2008: £100.0m) is shown in the Consolidated Income Statement (page 68).

The directors recommend a final dividend of 17.25 pence per ordinary share in respect of the year ended 31 March 2009, to be paid on 25 September 2009 to ordinary shareholders on the register on 14 August 2009. This is subject to shareholder approval at the AGM. If approved, this will mean a total dividend of 26.0 pence per ordinary share will have been paid for the year to 31 March 2009 (2008: 24.0p) when added to the interim dividend of 8.75 pence per ordinary share paid on 30 January 2009. Further details regarding dividend payments can be found in Investor Information (page 122).

Directors

The names and biographical details of those persons serving as directors of the Company as at the date of this report are set out in this report (pages 46 to 47). Raj Rajagopal and Joanne Curin were appointed to the Board during the year to 31 March 2009. Heath Drewett was appointed as a director with effect from 15 June 2009 and will replace Robert MacLeod as Group finance director when he leaves the Company on 19 June 2009.

Under the Company's Articles of Association all directors must retire at the first AGM following their appointment by the Board and may offer themselves for re-appointment. Additionally, one-third of directors must retire at each AGM and they may offer themselves for re-election.

Raj Rajagopal, following his appointment by the Board as a director on 24 June 2008, was re-appointed by shareholders at the 2008 AGM. Joanne Curin, who was appointed as a director on 10 February 2009, and Heath Drewett will both retire at the AGM and, being eligible, offer themselves for re-appointment.

Lord Boyce and Keith Clarke will retire by rotation at the AGM and, being eligible, will offer themselves for re-election. James Morley, having served on the Board since January 2001, will retire from the Board on 30 June 2009. Lord Boyce and Keith Clarke will be subject to retirement by rotation at future AGMs in accordance with the Company's Articles of Association.

The Board considers that the performance of those directors proposed for re-election continues to be effective and that they demonstrate a strong commitment to their role. In addition, the Board considers that the performance of the directors proposed for re-appointment will be effective and that they demonstrate the necessary commitment.

Directors and officers of the Company and its subsidiaries benefit from directors' and officers' liability insurance cover in respect of legal actions brought against them. In addition, directors of the Company are indemnified in accordance with Article 143 of the Company's Articles of Association to the maximum extent permitted by law. Prior to the adoption of new Articles of Association by shareholders on 3 September 2008, all directors in appointment on that date had separate deeds of indemnity. These indemnities, which still remain in force, are available for inspection by shareholders at the Company's registered office during normal business hours and will be available for inspection at the AGM.

Neither the insurance nor the indemnities provide cover where the relevant director or officer has acted fraudulently or dishonestly.

The Board of directors may exercise all the powers of the Company, subject to the provisions of relevant legislation, the Company's Memorandum and Articles of Association and any directions given by a special resolution of the shareholders.

Specific powers are detailed in the Company's Articles of Association, including the power to issue and buy back shares, along with the rules for the appointment and removal of directors.

Directors' interests in the Company and the Group are described in the Directors' Remuneration Report in table 5 (page 63).

Articles of Association

Company law has undergone substantial change since January 2007 when the phased implementation of the Companies Act 2006 (the 2006 Act) commenced. The Articles of Association of the Company were revised in 2008. At this time it was envisaged that further changes to the Articles of Association would be made at the 2009 AGM as a result of the continuing phased implementation of the 2006 Act and the implementation of the EU Shareholders' Rights Directive. However, some uncertainty still surrounds the implementation of the latter and it has therefore been decided that the prudent approach is to delay further changes until 2010.

Political donations and expenditure

It is the Group's policy not to make political donations and not to incur political expenditure, either in the UK or overseas. Accordingly, the Group made no political donations and incurred no such expenditure during the year and has no intention of making any such donations or incurring such expenditure in the future. However, the provisions previously contained in the Companies Act 1985 and now enacted in the 2006 Act relating to donations and expenditure covered by this disclosure are wide. So as to prevent an inadvertent breach of the 2006 Act the Board has historically sought authority for the Company and its subsidiaries to make such donations and incur such expenditure up to an aggregate limit for the Company and its subsidiaries of £90,000, subject to the provisions of the 2006 Act. The Board considers it prudent to once again seek such authority at the Company's forthcoming AGM.

The authority will not be used to make political donations within the normal meaning of that expression. Further details are contained in the Notice of Meeting.

Charitable donations

During the year, the Group made charitable donations of £187,757 (2008: £191,527). The beneficiaries of these donations were local charities serving the communities in which the Group operates or charities working in areas relevant to the Group's activities. The Group intends to continue its focus on local charities in the current financial year.

Corporate governance and remuneration

The Company prepares a separate Corporate Governance Report (pages 52 to 57) and Directors' Remuneration Report (pages 58 to 64).

Corporate responsibility

A summary of the Group's corporate responsibility activities is provided for shareholders in the Corporate Responsibility Review (pages 38 to 44). In addition, the Group provides further information on corporate responsibility, which includes detailed information in respect of health and safety, the environment, the community, people and suppliers, on the Company's website www.atkinsglobal.com/cr.

Employees

The Group is committed to the fair and equitable treatment of all its employees, irrespective of sex, race, age, religion, disability or sexual orientation. To this end, policies have been implemented to ensure this is practised at recruitment and then continues throughout an individual's employment with the Group. The Group encourages recruitment, training, career development and promotion on the basis of aptitude and ability, without regard to disability. It is also committed to retaining and retraining as necessary employees who become disabled during the course of their employment.

Employees are routinely informed of financial results and significant business issues via the use of email, voice conference, the Company's intranet and in-house publications.

An annual survey is carried out to obtain feedback from employees. This survey is confidential and is used alongside consultation with employees and union representatives where appropriate.

Employee involvement in the Group's performance continues to be encouraged through share ownership. In the UK, employees are given the opportunity to become shareholders through the Company's Share Incentive Plan. Approximately 10% of UK employees participate in the Share Incentive Plan.

Suppliers

The Group's policy is to agree terms and conditions for its business transactions with suppliers and to endeavour to abide by these terms and conditions, subject to the supplier performing its obligations.

No one supplier arrangement is considered to be essential to the business of the Group.

The Company, as a holding company, did not have any amounts owing to trade creditors as at 31 March 2009.

Share capital and share purchases

As at the date of this report, the Company's share capital consists of 104,451,799 issued and fully paid ordinary shares each with a nominal value of 0.5 pence per share, listed on the London Stock Exchange. Of these, 4,341,000 ordinary shares are held in treasury (the treasury shares). Shares may be held in certificated or uncertificated form. Further details of the Company's authorised and issued share capital, including changes during the year, can be found in note 31 to the Financial Statements (page 108).

Directors' Report

Continued

At the AGM held in 2008, the Company was granted authority by shareholders to purchase up to 10,051,000 ordinary shares, representing approximately 10% of the Company's ordinary share capital as at 25 June 2008. No ordinary shares were purchased pursuant to this authority during the year. This authority will expire at the forthcoming AGM and, in accordance with current best practice, the Company will seek to renew it.

The Board, mindful of the benefit of maintaining an efficient balance sheet, announced a share buyback programme on 27 November 2007 intended to return up to £100m to shareholders. This followed a review of the strength of the Group's balance sheet following the disposal of Lambert Smith Hampton and resolution of the uncertainty surrounding the Group's investment in Metronet.

The buyback of ordinary shares in the Company commenced on 29 November 2007 and, as at the date of this report, 4,341,000 ordinary shares of 0.5 pence had been repurchased for an aggregate consideration of £45,999,418 (excluding fees and stamp duty), representing approximately 4.2% of the Company's issued share capital. All of these shares are held in treasury. In the event that the Company purchases further ordinary shares in the Company, up to a further 6,104,179 ordinary shares could be held in treasury. No purchases have been made since July 2008.

The rights and obligations attaching to the Company's ordinary shares are contained in the Company's Articles of Association, a copy of which is available on the Company's website www.atkinsglobal.com or can be obtained on request from the company secretary. The Articles of Association can only be changed by a special resolution passed in a general meeting of shareholders.

Each ordinary share (other than treasury shares, which have no voting rights) carries the right to one vote on a poll at a general meeting of the Company. There are no restrictions on transfer or limitations on the holding of the Company's ordinary shares and no requirements for prior approval of any transfers. Under the Company's Articles of Association, the directors have the power to suspend voting rights and the right to receive dividends in respect of shares in circumstances where the holder of those shares fails to comply with a notice issued under Section 793 of the 2006 Act.

Shares acquired through Atkins' employee share schemes rank equally with all other ordinary shares in issue and have no special rights. The trustees of the Company's Employee Benefit Trusts (EBTs) have waived their rights to dividends on shares held by the EBTs and do not exercise their right to vote in respect of such shares. Shares held in trust on behalf of participants in the Atkins Share Incentive Plan are voted by the Trustee, Capita IRG Trustees Limited, as directed by the participants. Details of share-based

payments, including information regarding the shares held by the EBTs can be found in note 32 to the Financial Statements (page 109). The Company is not aware of any agreements between shareholders that might result in the restriction of transfer or voting rights in relation to the shares held by such shareholders.

Changes of control

All of the Company's employee share schemes contain provisions relating to a change of control of the Company following a takeover bid. Under these provisions, a change of control of the Company would normally be a vesting event, facilitating the exercise or transfer of awards, subject to any relevant performance conditions being satisfied. The Company is not a party to any other significant agreements that take effect, alter or terminate upon a change of control following a takeover bid other than its bank facility agreement, which provides that on a change of control the Company is unable to draw down any further amounts under the facility. Further, it is not party to any agreement with the directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs as a result of a takeover bid.

Substantial shareholders

As at the date of this report, the Company had been notified of the following holdings of 3% or more of the total voting rights attaching to its issued share capital:

Name of holder	Number of voting rights ¹	Percentage of total voting rights ¹
Legal & General Group plc	3,910,332	3.90%
Lloyds TSB Group plc	3,154,015	3.04%
Newton Investments Management Limited	3,928,108	3.92%
Norges Bank	3,024,392	3.02%
Schroders plc	10,143,360	9.99%

1. Number and percentage of voting rights per last notification received by the Company.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report, the Remuneration Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors have prepared the Group and Company Financial Statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union. The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing those Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state that the Financial Statements comply with IFRS as adopted by the European Union
- prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and that enable them to ensure that the Financial Statements and the Remuneration Report comply with applicable company law and, as regards the Group Financial Statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets

of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of audit information

The directors confirm that, as at the date this report was approved, so far as each director is aware there is no relevant audit information of which the Company's auditors are unaware and that he or she has taken all the steps he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Going concern

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the Financial Statements.

Auditors

The Company's auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office and resolutions for their re-appointment and to authorise the directors to determine their remuneration will be proposed at the forthcoming AGM.

Approved by the Board and signed on its behalf by

Richard Webster

Company Secretary
16 June 2009

Cautionary statement

Under the Companies Acts 1985 and 2006, a company's directors' report is required, among other matters, to contain a fair review by the directors of the Group's business through a balanced and comprehensive analysis of the development and performance of the business of the Group and the position of the Group at the year-end, consistent with the size and complexity of the business.

The Directors' Report set out above, including the Chairman's Statement, the Chief Executive's Statement, the Human Resources Review, the Business Review and the Corporate Responsibility Review incorporated into it by reference (together, the Directors' Report), has been prepared only 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, the Directors' Report 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 the Directors' Report.

The Directors' 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 factors include, but are not limited to, those discussed under Principal Risks and Uncertainties (page 37). These and other factors could adversely affect the Group's results, strategy and prospects. Forward-looking statements involve risks, uncertainties and assumptions. They relate to events and/or depend on circumstances in the future which could cause actual results and outcomes to differ materially from those currently anticipated. No obligation is assumed to update any forward-looking statements, whether as a result of new information, future events or otherwise.