

Business Review

Segmental performance

continued

China and Europe

Key performance indicators	2010	2009	change
Financial metrics			
Revenue	£134.1m	£117.2m	+14.4%
Operating profit	£6.1m	£4.9m	+24.5%
Operating margin	4.5%	4.2%	+0.3pp
Work in hand	57%	54%	+3pp
People			
Staff numbers at 31 March	1,774	1,741	+1.9%
Average staff numbers	1,780	1,675	+6.3%

This segment consists of our design and engineering consultancy businesses in Hong Kong and mainland China and five countries across Europe: Denmark, Ireland, Poland, Portugal and Sweden.

The portfolio of businesses in China and Europe has increased revenue by 14.4% and improved margins year on year, with average staff numbers up 6.3%.



Revenue £m

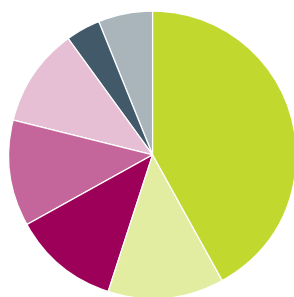


Operating profit £m



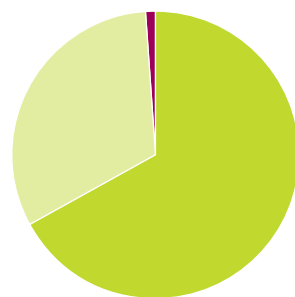
Average staff numbers

China



Revenue by market

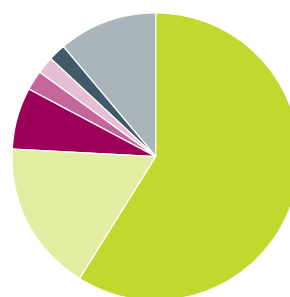
- Rail 42%
- Urban development 13%
- Roads 12%
- Commercial buildings 12%
- Water 11%
- Residential buildings 4%
- Other 6%



Revenue by geography

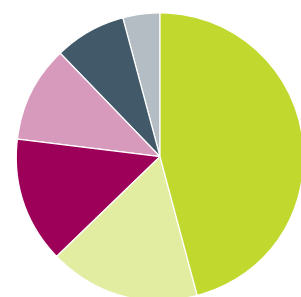
- Hong Kong 67%
- Mainland China 32%
- Other Asia Pacific 1%

Europe



Revenue by market

- Rail 59%
- Roads 17%
- Environment 7%
- Water 2%
- Energy 2%
- Oil and gas 2%
- Other 11%



Revenue by geography

- Denmark 46%
- Sweden 17%
- Ireland 14%
- Portugal 11%
- Poland 8%
- Other 4%

Awarded the detailed design of Hung Hom Station for Hong Kong's Mass Transit Rail Corporation's Shatin to Central Link



For more information visit
www.atkinsglobal.com/win_hung_hom

China

Key performance indicators	2010	2009	change
Financial metrics			
Revenue	£64.0m	£46.1m	+38.8%
Operating profit	£3.7m	£2.7m	+37.0%
Operating margin	5.8%	5.9%	-0.1pp
Work in hand	64%	71%	-7pp
People			
Staff numbers at 31 March	997	933	+6.9%
Average staff numbers	995	890	+11.8%

Our China business continues to expand as a consequence of success in the buoyant Hong Kong rail infrastructure market.

We employed nearly 1,000 staff in the region at the year-end (2009: 933). Revenue increased almost 40% to £64.0m with an increase in operating profit to £3.7m (2009: £2.7m) and a slight decline in operating margin year on year.

In Hong Kong we continue to support the expansion of the rail network through the delivery of a wide range of multidisciplinary services to the Mass Transit Rail Corporation on the preliminary and detailed design of various sections of the West Island Line, Express Rail Link, South Island Line and Shatin to Central Link. These design contracts include stations, tunnels and viaducts. The most recent assignment secured is for the detailed design of the Shatin to Central Link's Hung Hom Station and associated tunnels.

Our urban planning and architectural business operates out of three primary locations in mainland China, in Beijing, Shanghai and Shenzhen. This business is performing in line with our expectations in a very competitive but buoyant property market, and we have focused our effort over this last year on improving the quality of our offering in this market.

Outlook

The prospects for our business in China remain good with the Hong Kong Government committed to annual capital works expenditure in the next few years at double the rate of recent years. We expect our Hong Kong business to remain busy, serving clients in the highways, geotechnical, water and rail sectors, and we will continue to expand our technical offering in other areas. The property market in mainland China remains strong.

Work in hand for the Chinese business is 64% of budgeted 2010/11 revenue (2009: 71%).

Awarded 15-year Danish European Rail Traffic Management System design contract



For more information visit
www.atkinsglobal.com/win_ertms

Europe

Key performance indicators	2010	2009	change
Financial metrics			
Revenue	£70.1m	£71.1m	-1.4%
Operating profit	£2.4m	£2.2m	+9.1%
Operating margin	3.4%	3.1%	+0.3pp
Work in hand	51%	42%	+9pp
People			
Staff numbers at 31 March	777	808	-3.8%
Average staff numbers	785	785	0%

Our European portfolio performed in line with expectations, maintaining revenue and improving margins by 0.3pp to 3.4% in difficult economic conditions.

As in prior years, performance has been mixed. Our Scandinavian, Polish and Portuguese businesses performed well, while Ireland, which represents less than 15% of the portfolio, has yet to see signs of an upturn.

Our Danish business, which employs 359 staff (2009: 335), continues to expand and secured a significant re-signalling design contract extending over 15 years for the Danish European Rail Traffic Management System (ERTMS). This is the first time an advanced system like this has been fitted to an entire country's strategic rail network and it will set the standard for Europe. We also continue to provide consultancy on the transportation package for the Copenhagen Metro Circle Line.

Our Swedish business is growing and had increased to 142 staff by the year-end (2009: 130 staff).

Our Polish business has extended its workload in the roads sector with its appointment as independent checking engineer and site supervisor for the A2 toll motorway, which extends over 100 kilometres with some 80 bridges.

Difficult economic conditions in Ireland have resulted in projects being delayed and in increasingly competitive pricing. We have continued to reduce the size of our business to match demand, and had 101 staff members (2009: 155 staff members) at the end of the year.

Outlook

Europe has secured 51% of budgeted 2010/11 revenue (2009: 42%) and the outlook overall remains good, although we expect parts of our European business to continue to face challenging market conditions.

Our involvement on ERTMS positions us well for further ERTMS work across the UK and Europe over the coming years.