

DIRECTORS' REPORT

The Directors present their Annual Report and Accounts on the affairs of the Group, together with the Financial Statements and Auditors' Report, for the 53 week period ended 3 May 2009.

PRINCIPAL ACTIVITIES

Scott Wilson is an international consultancy offering integrated design and engineering consultancy for the built and natural environments. The subsidiary undertakings principally affecting the profits or net assets of the Group in the year are listed in note 40(a) to the Group Financial Statements.

BUSINESS REVIEW

The Company is required by the Companies Act 2006 to set out in this report a fair review of the business of the Group for the 53 week period ended 3 May 2009 and of the position of the Group at the end of the year together with a description of the principal risks facing the Group (Business Review). The information that fulfils the requirements of the Business Review can be found on pages 4 to 17 together with expected future developments in the business of the Group and key performance indicators.

There have been no significant events since the Balance Sheet date.

RESULTS AND DIVIDENDS

The Group's revenue, including the Group's share of joint ventures, for the year was £360.0m (2008: £324.2m). The profit after tax for the financial year was £7.8m (2008: £13.4m).

The Directors recommend a final dividend of 2.67p per Ordinary Share to be paid on 5 October 2009 to Ordinary shareholders on the register on 11 September 2009 which, together with the interim dividend of 1.33p paid on 20 February 2009, makes a total of 4.0p for the year (2008: 3.6p).

ACQUISITIONS

Acquisitions made by the Group in the year are detailed in note 38 to the Group Financial Statements.

SHARE CAPITAL

Full details of the Company's authorised and issued share capital can be found in note 23 to the Group Financial Statements.

DIRECTORS

The Directors who served during the year were as follows:

Geoff French	Chairman
Hugh Blackwood	Chief Executive
Sean Cummins	Finance Director
Stuart Doughty	Senior Independent Non-Executive Director
Pelham Allen	Non-Executive Director (resigned 1 January 2009)
Christopher Kemball	Non-Executive Director (appointed 1 January 2009)
James Newman	Non-Executive Director

Hugh Blackwood and Sean Cummins retire by rotation at the next Annual General Meeting and, being eligible, offer themselves for re-election. Christopher Kemball, who was appointed a Director on 1 January 2009, retires at the next Annual General Meeting and, being eligible, offers himself for re-election.

Brief biographical details of the Directors together with their Committee memberships are set out on pages 18 and 19.

DIRECTORS' INTERESTS

The interests of the Directors in the Ordinary Shares of the Company were as follows:

Name of Director	3 May 2009 Ordinary Shares Number	27 April 2008 Ordinary Shares Number
Geoff French	736,923	736,923
Pelham Allen (resigned 1 January 2009)	—	50,000
Hugh Blackwood	696,358	696,358
Sean Cummins	10,000	10,000
Stuart Doughty	Nil	Nil
Christopher Kemball (appointed 1 January 2009)	14,000	—
James Newman	20,000	20,000

DIRECTORS' SHARE OPTIONS

Details of Directors' share options are provided in the Directors' Remuneration Report on pages 28 to 33.

DIRECTORS' INDEMNITIES

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, the Directors of the Company are indemnified in accordance with the Company's articles of association and to the extent permitted by law.

SUPPLIER PAYMENT POLICY

The Company's policy, which is also applied by the Group, is to fix terms of payment with suppliers when agreeing the terms of each transaction and to comply with those terms, provided that the supplier has performed in accordance with the conditions of contract. Trade creditors of the Group at 3 May 2009 were equivalent to 34 (2008: 30) days' purchases, based on the average daily amount invoiced by suppliers during the year.

FINANCIAL INSTRUMENTS

Note 39 of the Group Financial Statements describes the Group's financial instruments. The Group's financial risk management policies and procedures are set out in note 3.

CHARITABLE AND POLITICAL CONTRIBUTIONS

During the year the Group made charitable donations of £62,000 (2008: £14,000), principally to local charities serving the communities in which the Group operates.

No political donations were made in either year.

SUBSTANTIAL SHAREHOLDINGS

On 29 June 2009 the Company had been notified, in accordance with chapter 5 of the Disclosure and Transparency Rules, of the following interests in the Ordinary Share capital of the Company.

Name of holder	Number	Percentage of total voting rights
Legal & General Group plc	5,154,653	7.06%
Montanaro Group	3,891,212	5.34%
Old Mutual Asset Management	3,670,000	5.03%
Artemis Investment Management	3,715,624	5.09%
Rensburg Fund Management Ltd	3,610,000	4.95%
Aviva PLC	3,006,781	4.12%

ACQUISITION OF THE COMPANY'S OWN SHARES

During the year and further to the shareholders' resolution of 2 September 2008, the Company purchased 3,180,000 Ordinary Shares with a nominal value of £0.10 each and representing 4.2 per cent of the Company's called-up Ordinary Share capital for a total consideration of £2.1m. The purchased shares are held as treasury shares for the purpose of satisfying option grants and share awards made under the Company's employee share schemes.

On 31 December 2008, 5,000 Ordinary Shares with a nominal value of £0.10 each were transferred from treasury in satisfaction of an employee share award.

At 3 May 2009, 3,175,000 Ordinary Shares with a nominal value of £0.10 each and representing 4.2 per cent of the Company's called-up Ordinary Share capital were held in treasury.

At the end of the year, the Directors had authority, under the shareholders' resolutions of 2 September 2008, to purchase through the market 7,610,815 of the Company's Ordinary Shares at a minimum price of par value of such shares. This authority expires at the conclusion of the Company's Annual General Meeting to be held on 1 September 2009.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, taking into account the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate arrangements are made. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees. Requirements under the Disability Discrimination Act 2005 are complied with and wherever possible reasonable accommodation is made.

EMPLOYEE CONSULTATION

We undertake a variety of methods to communicate and consult with our workforce. The majority of employee consultations this year focused on the restructuring and redundancy programme and included collective redundancy consultation. This has meant that appropriate employee representatives have been elected with whom there has been consultation in line with the specifics and spirit of the appropriate legislation. Ongoing consultation and communication has taken place around annual enrolment for the flexible benefits and graduate development programmes. In addition, our global employee magazine, Exchange, is published and distributed quarterly.

DIRECTORS' REPORT

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RESEARCH AND DEVELOPMENT

The Group's multi-disciplinary research and development experience stretches across many technical disciplines, is funded both privately and publicly and is delivered with a comprehensive supply chain of academic institutions, trade and professional bodies, industry partners, technical committees, research organisations and specialist consultants.

Publicly funded clients over the past year have included the Highways Agency, Waste & Resources Action Programme, Minerals Industry Sustainable Technology Programme, Department for Transport, Carbon Trust, Department for Environment, Food and Rural Affairs, Natural England and the Department for Communities & Local Government.

Types of work undertaken include long-term scientific research in association with academic, industrial and European partners, short-term desk, site and laboratory research and development, site-based research through the design, execution and monitoring of pilot studies, preparation of specifications and guidance documents, benchmarking studies and literature reviews, newsletters and ebulletins and conference, seminar and training preparation, organisation and delivery.

Some examples are given below:

Since the acquisition of Benaim, the technical strengths of the Scott Wilson Group have been significantly enhanced. The £120m Clackmannanshire Bridge, which opened in November 2008, was the second longest incrementally launched bridge in the world. It comprised two major innovations in design to ease the construction process, the use of single 3 metre diameter marine piles in the Firth of Forth beneath each pier and the use of partial prestressing in the deck to ease the launching process.

Benaim has also been developing a Modular Precast Concrete Bridge system over the last few years, which culminated in the publication of a new technical guide for the industry in December 2008. This new system has the potential to create a modular bridge at any location on a highway or railway network, thus becoming a major factor in the way that medium-span bridges with a variety of width, skew or alignments are designed and built.

Our range of services under the Highways Agency's National Framework for Research & Development continue to grow, with particular emphasis now being placed on solutions to aide implementation of managed motorways and the introduction of lean construction. For local highway authorities, the Group has provided advice on the effect of climate change on network policies and standards and is also developing a Greenhouse Gas Calculator for highway construction in association with the International Road Federation.

In order to improve the safety of site operatives working in lane closures on the highway network, the Group has developed and launched the Roadgard Highway Warning System. This portable device provides a visual and audible warning of vehicle movements, thereby reducing the number of incidents in which vehicles travelling within temporary lane closures may collide with site operatives.

Our digital media team has been an early adopter of 3D landscape simulations. We have worked on testing, designing and developing the technology in conjunction with Bionatics. The resulting LandSIM3D® is a landscape simulation and design software dedicated to territory management and urban planning allowing for the visualisation of large infrastructure integration into the territory. LandSIM3D enables the user to present and explain clearly in a common language complex projects involving important changes over time.

The vast majority of the research and development work undertaken is driven by real problems brought to the Group by clients. Our teams specialise in developing pragmatic solutions to apparently difficult problems and understand the importance of combining technology with stakeholder engagement in order to achieve the intended benefits.

AUDITORS

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditors are unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as Auditors and a Resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board,



GEOFF REDWOOD
COMPANY SECRETARY
30 JUNE 2009