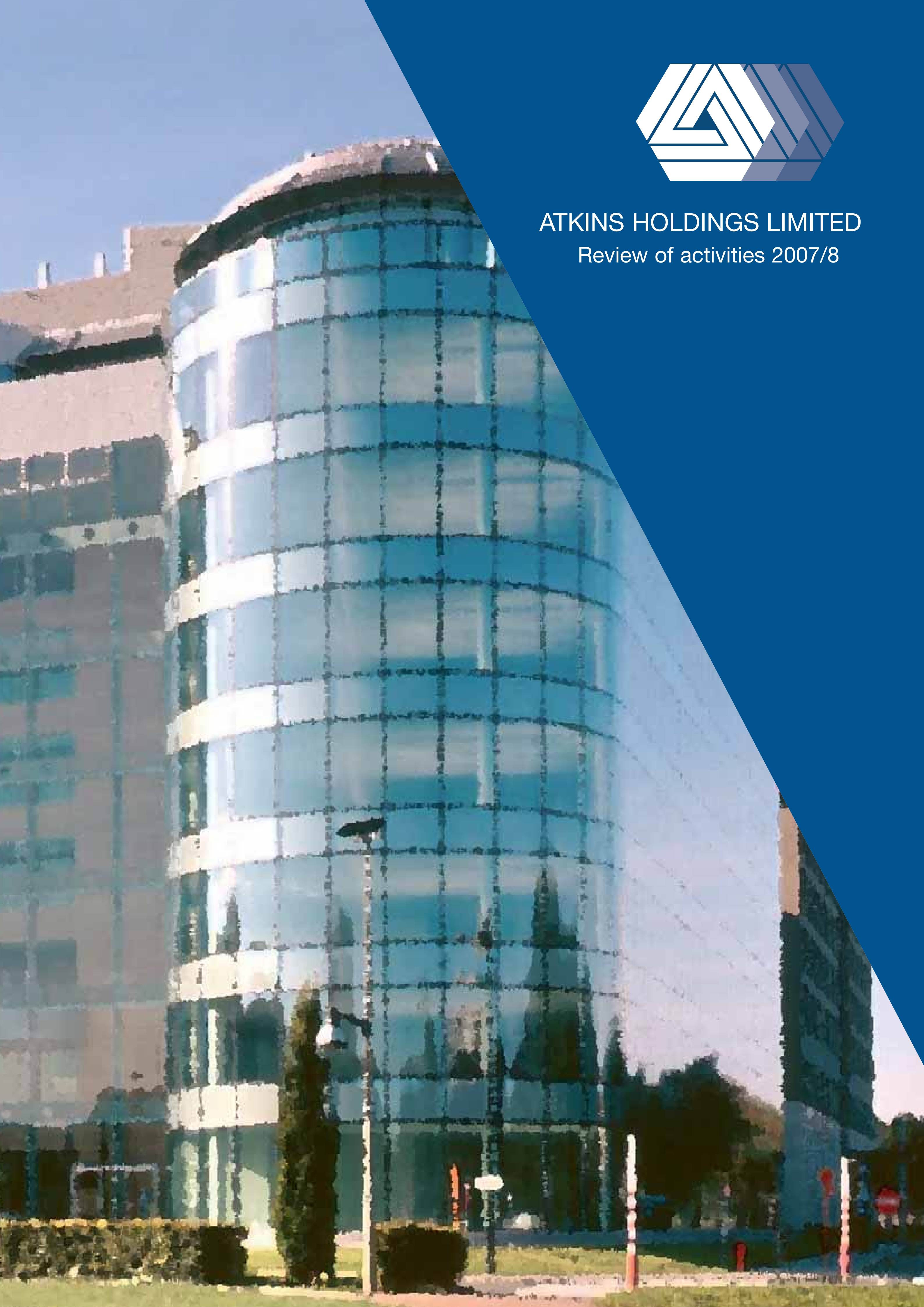

ATKINS HOLDINGS LIMITED

Review of activities 2007/8

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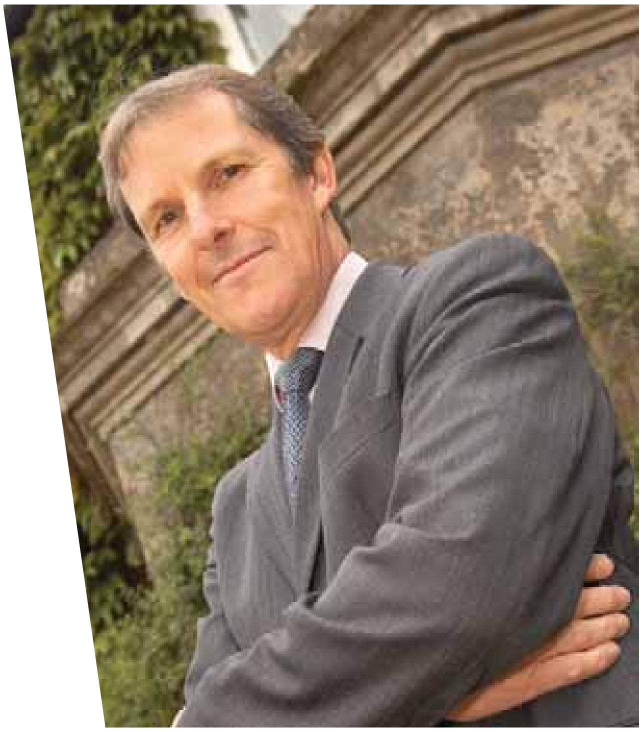


CHAIRMAN'S COMMENTS

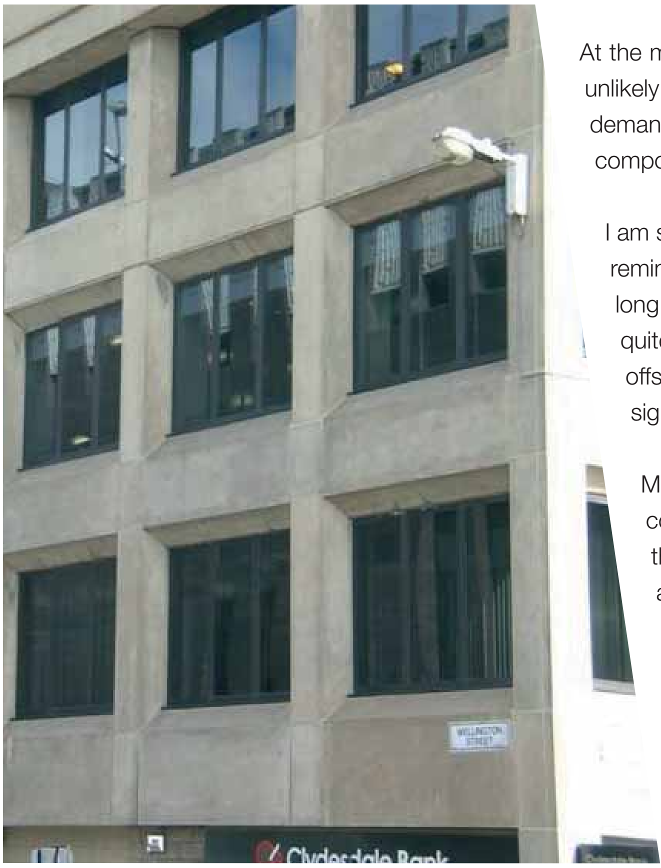
The commercial property market has experienced spectacular capital growth for a number of years. This growth was fed by freely available capital on a global basis at historically low interest rates.

In previous Chairman's Statements I have suggested that this growth in values was not sustainable. Well, it endured for much longer than I anticipated but the party certainly came to an end in July 2007. At a stroke the credit crunch removed the availability of loans to debt purchasers and those few who were prepared to lend only did so at prohibitively high interest rates. Renewal of existing loans became difficult to refinance and then only at significantly higher interest rates than the loan it replaced. As a result property transactions declined significantly leading to a scarcity of evidence for valuers to use for comparable purposes. The consequence was that valuers worked on sentiment rather than evidence and that sentiment was pessimistic leading to a rapid decline in reported capital values.

The APL portfolio could not remain immune from this very rapid change resulting in a reduction in capital value of 5.8% between April 2007 and March 2008. Investment in the portfolio (details on Page 10) along with good tenant retention and new lettings have helped to mitigate this fall.

The debate currently centres around how far capital values will continue to fall and this is clearly related to the time it takes for financial markets to stabilise. Concern is also growing about the effect the credit crunch may have on the wider economy.

This is presently being felt in the housing market at a time when consumers are faced with higher prices driven largely by the cost of fuel and food. It is difficult to paint an optimistic forecast for the UK economy at this time and it is likely that we face a year or more of these difficult conditions.



At the moment the occupational market is holding up quite well but it seems unlikely that this can be maintained in a slowing economy. If lower occupier demand leads to stagnating or falling rents the effect on capital values will be compounded.

I am sorry this report has made gloomy reading and at this point we should remind ourselves that investment in commercial property is a medium to long term play. What we are experiencing is a market correction, albeit quite painful, and the effect on medium and long term performance will be offset by performance in the good years. The effect will be more significant if a difficult market ensues for a number of years.

Medium term performance is particularly valid in relation to the company's direct portfolio where we are long term holders of assets. In the recent past the indirect portfolio has benefited from an ability to sell assets before the date originally projected for an exit in order to take advantage of the then buoyant market conditions. This scenario is unlikely to be available to us again for some time at least in the UK.

The company is quite lowly geared and hence in a position to exploit opportunities which the present downturn may offer. Buying direct investments is something we have not experienced for four years but the company will only be attracted if returns of 8% or greater can be achieved.

There has been a clear objective of tenant retention and minimisation of voids which at year end stood at 6% - a low level in such market conditions which I suspect will be challenging to maintain in 2008.

The AFI portfolio has seen some disposals as the planned exit of all these investments proceeds. We now hold two investments in this part of the business but in the current climate it may be some time before these can be sold at realistic prices.

I extend my sincere thanks to Chris and the team at AHL for the work they have done in the past year to produce the pre tax profit figure of £1.45m in a year when the second half has been difficult.

In spite of the challenging market which faces us I have no doubt the dedication of all staff will ensure that the company will perform to the highest level that conditions allow.

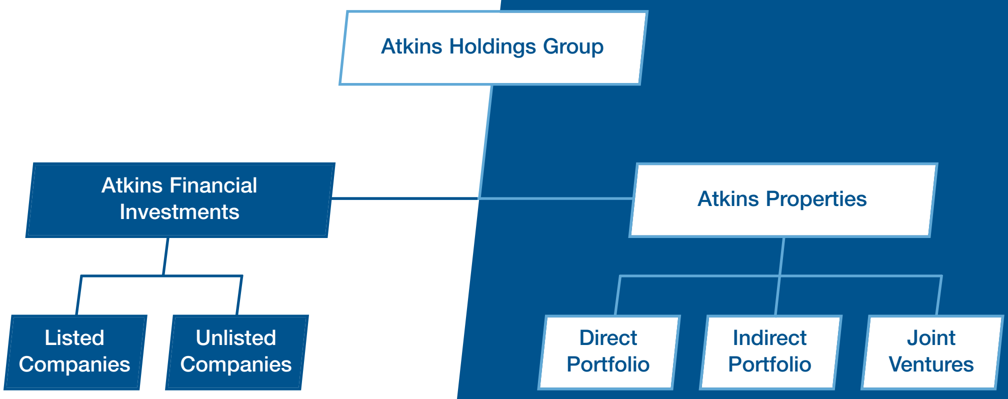
K.G. Saunders *Chairman*

GROUP STRUCTURE AND STRATEGY

Our ever-evolving Group strategy revolves around property investment and development with direct interests in the UK and indirect property funds, syndicates and joint venture interests here, in Europe and the Americas.

A sound asset base with a good income stream is the bedrock of our direct portfolio, complemented by indirect investments and developments for future capital growth and profits.

Venture capital interests are decreasing, but include sterilising technology and retail point of sale business sectors in the UK and overseas.



ATKINS PROPERTIES

Direct portfolio - What a difference a year makes. In spite of a successful 2008 in maintaining rental income, keeping voids low and continuing a programme of refurbishment, valuations have been hit by the market disruption, significantly reducing returns to shareholders.

Encouragingly, 29 new lettings, lease renewals and rent reviews were successfully concluded in the year and £1.5m of new investment made in refurbishment and repairs as well as the development in Scotland.

The excellent news in Salisbury is the new letting to restaurant chain Wagamama, taking a 25 year lease on a rising rent to £60,000 p.a enhancing the profile of this asset's location and tenant mix.

In the Midlands,10 new lettings and lease renewals were achieved at Phoenix Industrial Estate, Gregston and Silver Birches securing £83,000 of rental income. At the same time, a continuation of asbestos roof replacement was undertaken along with selective unit refurbishment and extension of CCTV monitoring systems.

At the Formal Business Park in the South West, eight new lettings and lease renewals were concluded, securing a further £145,000 of income, and at the same time major upgrade works were completed on a number of units.

Construction works at the Colvilles Place Industrial Estate in East Kilbride to provide 20,000 ft^2 of space have progressed well, in spite of highly inclement weather and are expected to be completed during the summer.

External repairs, redecoration and re-branding of the existing units has also been undertaken, significantly enhancing the Estate.

In total, some £323,000 of rental income has been secured in the year, keeping our overall void rates low at 6% of ERV.

Running yields on the portfolio now stand at 7.8% with 8.4% reversionary potential.

The reduction in portfolio value this year is clearly disappointing. However, this needs to be put into the context of a much sharper market decline, alongside the benefits of the significant investment programme undertaken over the past five years and the active management potential for the future.

Indirect portfolio - 2008 has been a much more challenging year, but despite the difficult market a capital turnover of £5.5m was achieved from equity realisations, reinvestment and profits from six of our investments.

This year's total return was affected by disappointing valuation performance from our listed investments, but still recorded an 8% IRR overall, maintaining the very high average returns achieved over the past three, five and 15 years.

In Ryon Properties, whilst trading profits have been reduced because of market conditions, an important new letting at Brook House on the Woodgate Valley Business Park to Enpure was secured. The Census Property Investment Management business set up with Kevin Seville moved into profit in its first year of trading - an excellent result.

Craigard Investments successfully purchased, let and resold its industrial investment in Leamington Spa and made excellent progress at the Ryon joint venture industrial investment in Burton-on-Trent. Further acquisitions were made of Turnberry House on the Solent Business Park, and in a joint venture with the Patton Group, the 26,266 ft^2 Enterprise House in Horsham.

The Eurocapital business in Brussels had a successful year with lettings at the Bischoffsheim office investment as well as the Zaventem Industrial Park. A further acquisition was secured with the purchase of the Olympiades 115,100 ft^2 office building for €40m. Indications are that market conditions will, however, be more challenging in the coming year.

At the Enterprise Property Group (formerly Ashtenne Residential) very tough sales markets have prevailed although 40 units were sold during the year. New sites, predominantly around Cambridge, and the first ‘close care’ site in Chester, provide further opportunities over the next 18 months. Equity is available for future site acquisitions although a very difficult market for the house-building sector is likely to continue.

New opportunities with the Squarestone Group were secured in the year, both in Porto, Portugal, for selective residential development in this regeneration sector along with the first shopping centre investment in Sao Paulo, Brazil - a fast emerging market.

Disappointing share valuation performance in our European Funds with Rutley European and Hansteen was recorded in the year, along with the Hercules Unit Trust and USB SERF in the UK, resulting in a £0.6m revaluation write down. However, the Aberdeen Pan Nordic Fund made encouraging progress and the sale of our investment in the RKB Washington Office REIT recorded a profitable outcome to this five year investment.

Turning to APL's financial results, rental income in the year broke the £2m level, producing a 7.5% running yield, whilst profits before tax, including indirect and joint ventures were £1.54m.

As a result of the severe correction in yields, inevitably our direct portfolio fell in value during the year by £1.55m, a 5.8% reduction, mitigated by a cautious approach to past valuations and successful active management. In addition our listed investments fell by some £0.6m.

The weighted return on the whole portfolio recorded a 3% IRR at a time when the IPD monthly index to March 2008 was at -10.7%. The Direct Portfolio produced a 2% IRR and the Indirect Portfolio an 8% IRR.

UK markets continue to slide and questions over ERV growth and occupational demand prevail, along with the cost of empty rates to the industry. In time, opportunities for new acquisitions will emerge but in the short term the emphasis for APL is on tenant retention, keeping voids low, maximising rental income and active management.

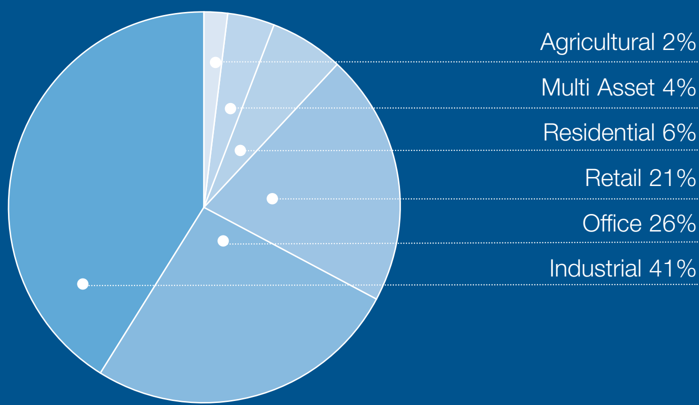
Overseas, we continue to see interesting opportunities, particularly in emerging markets with a cautious approach to European countries where some price correction is emerging.

C.C. Micklethwaite *Chief Executive*

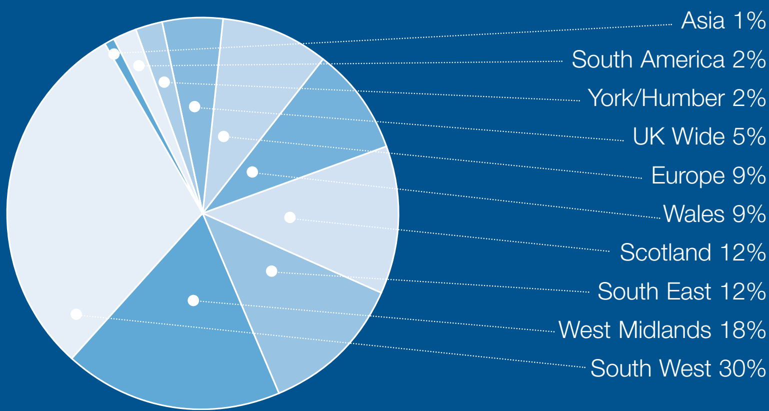
APL Average Returns Analysis

	3 Years	5 Years	15 Years
Total Portfolio	13%	15%	14%
Direct Portfolio	9%	10%	10%
Indirect Portfolio	24%	30%	23%
ROCE	10%	14%	13%
Weighted ROCE	18%	23%	21%

APL Total - Portfolio by Type



APL Total - Portfolio by Location



SPOTLIGHT ON APL INDUSTRIAL ESTATES

Over the past four or five years a significant programme of refurbishment and improvement works has been undertaken within the portfolio.

This has followed on from the great success achieved at the Formal Business Park in Camborne, where a substantial refurbishment project was undertaken following acquisition in 2003.

Replacement of the majority of the asbestos roofing on our industrial estates has made a significant improvement to on-going maintenance, at the same time improving light into the units and cutting heating bills for occupiers.

Redecoration and repair to external cladding; landscaping upgrades; new signage; CCTV and lighting and improvement to car parking areas have also been undertaken.

This has not only had an obvious visual benefit to our estates, but has reduced on-going maintenance and is contributing towards tenant retention, new lettings and rental income flows.

ATKINS FINANCIAL INVESTMENTS

This year we have realised our investments in Green Cathedral, Chelford and Capital Partners II. We are continuing with our strategy to exit from our existing investments in Episys and PuriCore over the medium term.

Realised investments during the year

Chelford Group plc, a company previously listed on the Stock Exchange, was taken over and as a result we sold our investment at a small historic cost loss.

During the year Green Cathedral plc sold its principal trading entities. The company is embarking upon a new venture but we took the opportunity to realise our investment. Whilst the result achieved was disappointing this does enable us to claim valuable corporation tax losses and to reduce management time in monitoring the investment.

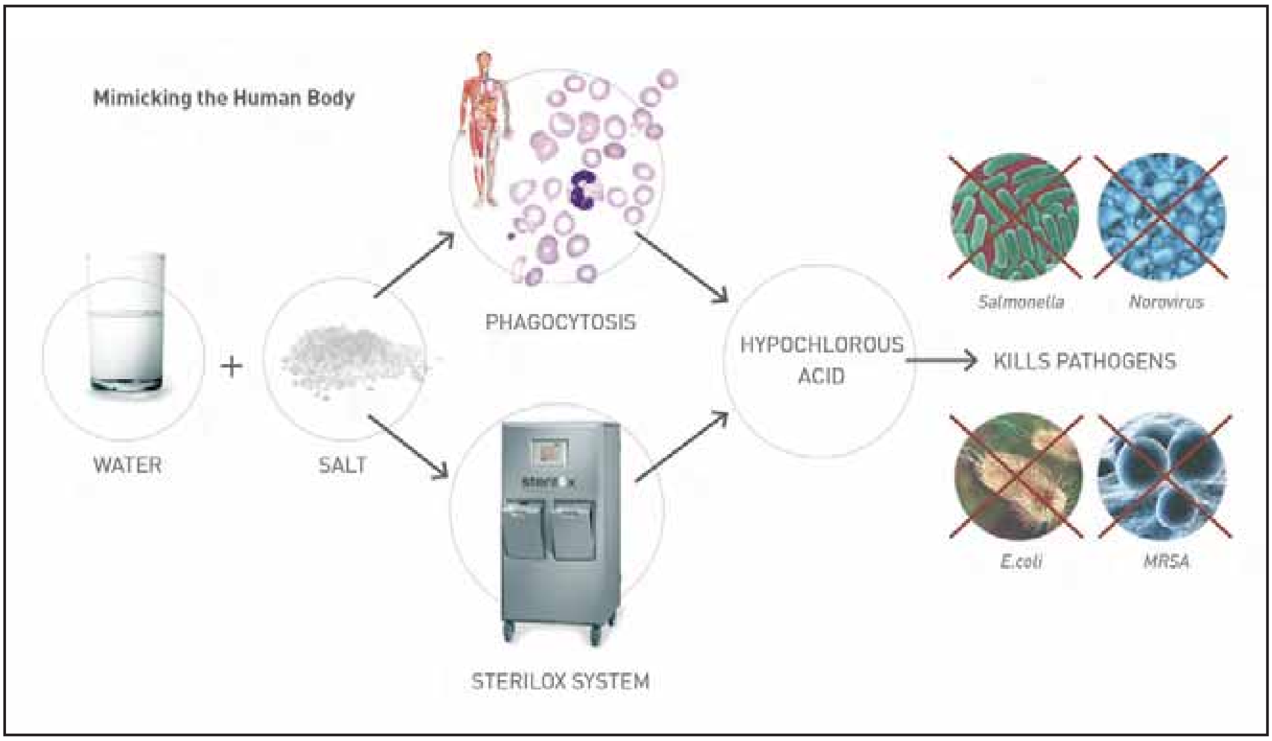
Capital Partners II is in the process of being wound up, however, before the year end we agreed a deal enabling us to realise most of the cash due to us.

Unlisted Investment - Episys Group Limited

Episys specialises in providing signage, labelling, mobile applications software and hardware mainly to retailers in the UK and North America. In 2007/08 it performed in line with expectations and has plans to grow its business organically; through increased market penetration in North America and by developing business partners in other territories.

Listed Investment - PuriCore plc

PuriCore plc provides sterilising technology worldwide mainly to the medical and food hygiene sectors. In the year ending December 2007 the company reported significant sales growth (although it still made a loss) and in the first quarter of 2008 saw further sales growth.



2008 SUMMARY

The Group has maintained profitability in line with the last five year average, with a profit before tax of £1,448,000 (2007: £2,790,000). However, asset revaluations have resulted in a fall this year of £2,140,000 (2007: increase of £1,582,000) .

Movement on Reserves - Profit and Loss and Revaluation of Assets

The statement below summarises the results for the year. It shows the realised profits in the year, the change in the net assets as a result of revaluing the assets at the end of the year and the impact of the results upon the shareholders' funds. This statement has been adapted from the statutory format to more meaningfully present the result for the year.

	2008 £000	2007 £000
Profit for the year/realised gains and losses in the year		
Revenue		
Rental income	**2,009**	1,927
Interest and dividends from fixed asset investments	**291**	954
Profit on sale of fixed asset investments	**650**	1,766
Other financial income	**136**	62
	3,086	4,709
Operating expenses		
Staff costs	**721**	701
Net property development (income)/expenditure	**(64)**	(23)
Other operating costs	**615**	799
	1,272	1,477
	1,814	3,232
Bank interest payable	**(366)**	(442)
Profit on ordinary activities before tax	**1,448**	2,790
Taxation		
Corporation tax credit charge	**(42)**	(253)
Deferred tax credit charge	**266**	(311)
Profit on ordinary activities after taxation	**1,672**	2,226
Unrealised gains and losses in the year		
Investment properties	**(1,550)**	1,400
Investment assets – property investments	**(576)**	100
Investment assets – financial investments	**(121)**	(89)
FRS 17 revaluation	**107**	171
Unrealised (losses)/gains for the year	**(2,140)**	1,582
Total recognised (losses)/gains	**(468)**	3,808
Dividends paid	**(900)**	(825)
(Decrease)/increase in shareholders' funds	**(1,368)**	2,983
Shareholders' funds at 1st April 2007	**25,374**	22,391
Shareholders' funds at 31st March 2008	**24,006**	25,374

Consolidated Balance Sheet

As at 31st March 2008

	2008	2007
	£000	£000
Fixed assets		
Tangible assets - investment properties	25,925	26,173
- other	691	708
Indirect property investment	6,507	5,298
Other financial assets	1,091	1,741
	34,214	33,920
Current assets		
Debtors	928	327
Cash at bank and in hand	339	92
	1,267	419
Creditors: amounts falling due within one year	(7,014)	(4,004)
Net current liabilities	(5,747)	(3,585)
Total assets less current liabilities	28,467	30,335
Creditors: amounts falling due after more than one year	(3,600)	(3,600)
Provision for liabilities and charges - deferred tax	(706)	(1,007)
Net assets excluding pension liability	24,161	25,728
Pension liability	(155)	(354)
Net assets	24,006	25,374
Capital and reserves		
Called up share capital	37	37
Capital redemption reserve	14	14
Share premium account	269	269
Revaluation reserve	1,253	2,434
Profit and loss account	22,433	22,620
Shareholders' funds	24,006	25,374

FIVE YEAR SUMMARY OF PERFORMANCE

	2008 £000	2007 £000	2006 £000	2005 £000	2004 £000
Results for the year					
Realised gains for the year	**1,672**	2,226	1,483	1,562	2,172
Unrealised (losses)/gains for the year:					
Investment properties	**(1,550)**	1,400	1,320	377	892
Investment assets	**(697)**	11	(222)	231	138
Pension liability	**107**	171	(216)	48	(287)
Total	**(2,140)**	1,582	882	656	743
Total recognised (losses)/gains for the year	**(468)**	3,808	2,365	2,218	2,915
Extracts from the consolidated balance sheet					
Fixed assets – investment property	**25,925**	26,173	24,381	22,827	19,447
Indirect property investments	**6,507**	5,298	6,608	5,907	6,825
Other financial assets	**1,091**	1,741	1,340	1,560	2,265
Bank borrowings	**(9,027)**	(5,979)	(7,935)	(8,185)	(10,118)
Shareholders' funds	**24,006**	25,374	22,391	20,876	18,908

DIRECTORS AND ADVISORS

Mr K.G. Saunders

Mr C.C. Micklethwaite

Mr C.E. Marr

President: F. Micklethwaite

Directors: K.G. Saunders *Chairman*

C.C. Micklethwaite *Chief Executive*

C.E. Marr *Finance Director*

Mrs C.C. Butler

B.M. Caporn

P.W. Micklethwaite

A.C. Vause

N.R. Worthington

Company Secretary: Mrs G.P. Farrier

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Bowles & Co
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Auditors:

Baker Tilly UK Audit LLP
The Clock House
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Surrey, GU1 1UW

The financial information set out in the financial review of this document does not constitute the Group's statutory accounts but is derived from those accounts. The auditors have reported on those accounts; their reports were unqualified and do not contain statements under Companies Act 1985 sections 237(2) or (3).