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COMPANIES HOUSE 24/05/96

2	Financial highlights
5	Chairman's review
6	Chief Executive's operating review
17	Financial review
21	Members of the board
22	Corporate governance
28	Corporate responsibility
29	Directors' report
33	Auditors' report
34	Group profit and loss account
35	Balance sheets
36	Group cash flow statement
37	Statement of group total recognised gains and losses
37	Group historical cost profits and losses
37	Reconciliation of movement in shareholders' funds
38	Segmental analysis
39	Accounting policies
40	Notes to the accounts
56	Principal subsidiary and associated undertakings
58	Shareholder information
60	Five year summary

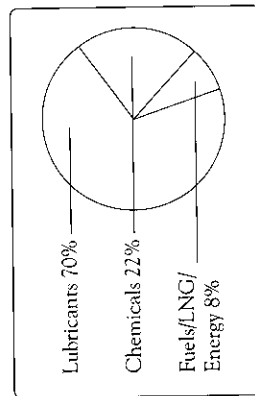


BURMAH CASTROL

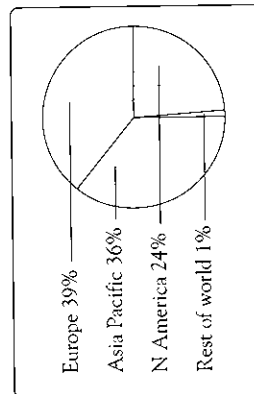
Is a leading international manufacturer and marketer of specialised lubricants and chemicals.
With operations in over 50 countries, its high quality, global brands are marketed to consumers and industrial customers in over 150 countries.

Earnings per share 66.9 pence: up 17 per cent*
 Dividend per share 36.25 pence: up 11.5 per cent†
 Profit before tax £253 million: up 15 per cent*
 Interest cover exceeds 10 times
 Strong financial position

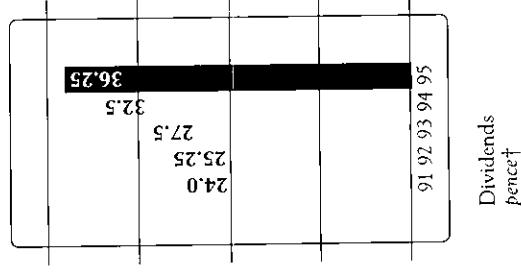
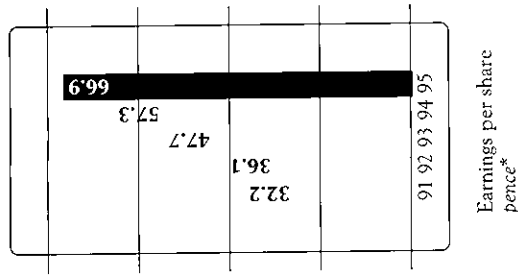
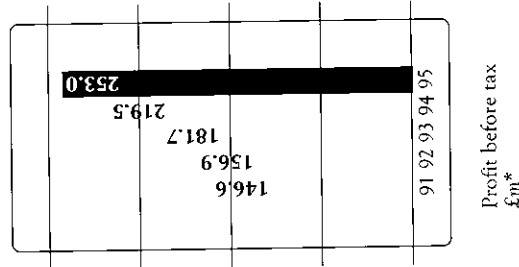
*Before exceptional items. †Including enhancement to foreign income dividend.



Operating profit by business: 1995
 Continuing operations before central
 management costs

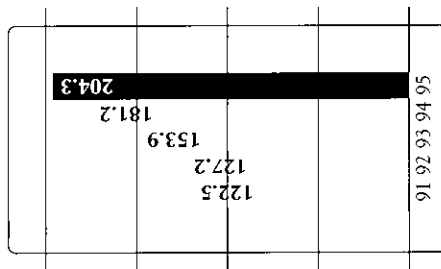


Operating profit by region: 1995
 Continuing operations before all central costs

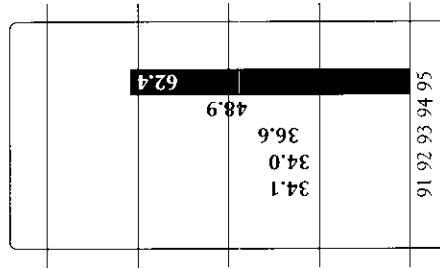


Operating results £m	1995	1994
	Turnover	Operating profit
Lubricants*		
Europe	730.0	668.1
North America	557.2	552.3
Asia Pacific	460.2	396.0
Central – Southern	162.5	0.4
Central research, marketing and other costs	(44.6)	(41.3)
Total	1,909.9	204.3
	1,763.8	181.2
<i>Automotive</i>	<i>1,263.3</i>	<i>1,186.5</i>
<i>Industrial and Marine</i>	<i>646.6</i>	<i>577.3</i>
Chemicals	810.5	766.2
Fuels	210.2	204.9
LNG Transportation	5.7	5.5
Energy Investments	38.4	5.6
	33.9	4.5

*Analysis restated – see page 19



Operating profit
Lubricants £m



Operating profit
Chemicals £m

Burmah Castrol has two principal business groups: Lubricants and Chemicals.

LUBRICANTS → is centred on the Castrol brand of automotive, industrial and marine products and has operations in over 50 countries worldwide.

CHEMICALS → markets high performance, speciality products to a wide range of industries under internationally recognised brand names. It has operations in over 40 countries.

Burmah Castrol also operates petrol service stations in a number of countries and is joint operator of the world's largest liquefied natural gas transportation project.

LAWRENCE URQUHART [CHAIRMAN] JONATHAN FRY [CHIEF EXECUTIVE]



Lawrence Urquhart Jonathan Fry

→ CHAIRMAN'S REVIEW Burmah Castrol had another year of good profit growth, with earnings per share up 17 per cent, from 57.3 pence before exceptional items to 66.9 pence.

Operating profit from continuing operations rose £36 million, with good performances by Castrol and Chemicals. The balance sheet strengthened still further.

DIVIDENDS → The board has established a policy of consistent dividend increases, seeking to take account of the long-term trend in earnings growth. For 1995, the board is recommending a total cash dividend of 36.25 pence, which represents an increase of 11.5 per cent over 1994. This consists of an interim dividend of 11 pence, a final dividend of 11.25 pence and a foreign income dividend (FID) of 14 pence.

STRATEGY → There have been a number of developments of strategic significance for the company during the past year. On the one hand, we consolidated our position in LNG Transportation when our joint venture succeeded in obtaining a contract extension, thereby covering its exposure to in-charter commitments. On the other hand, the sale of our UK fuels business in July 1995 for a total consideration of £89 million heralded our decision to withdraw progressively from fuels retailing if we could find buyers willing to pay fair prices. Earlier this year, we announced the disposal of our fuels interests in Chile, Turkey and Sweden which,

together with the UK sale, brings the total proceeds to nearly £180 million. This leaves us with fuels businesses in just three countries: Belgium and the Republic of Ireland, where they are closely linked to their respective Castrol companies, and Australia.

The withdrawal from fuels intensifies Burmah Castrol's focus on its core businesses, Lubricants and Chemicals, the quality of whose earnings was once again amply demonstrated last year. These are areas where growth is likely to remain organic, rather than by acquisition. Thus, a continuing programme of capital expenditure and, more significantly, revenue investment is necessary. The latter not only lacks the drama of deal-making, it also impacts profits in the short-term.

However, Burmah Castrol is capable of maintaining good earnings growth whilst, at the same time, steadily reinvesting in its core businesses for the longer-term.

DIRECTORS → Gerald Owen retired as Director of the Chemicals group in June 1995, on reaching the company's normal retirement age of 60. His successor, Mike Dearden, has held a number of posts in both Lubricants and Chemicals, most recently as the Chief Executive of Fosco Metallurgical Chemicals. Otherwise, the composition of the board is unchanged.

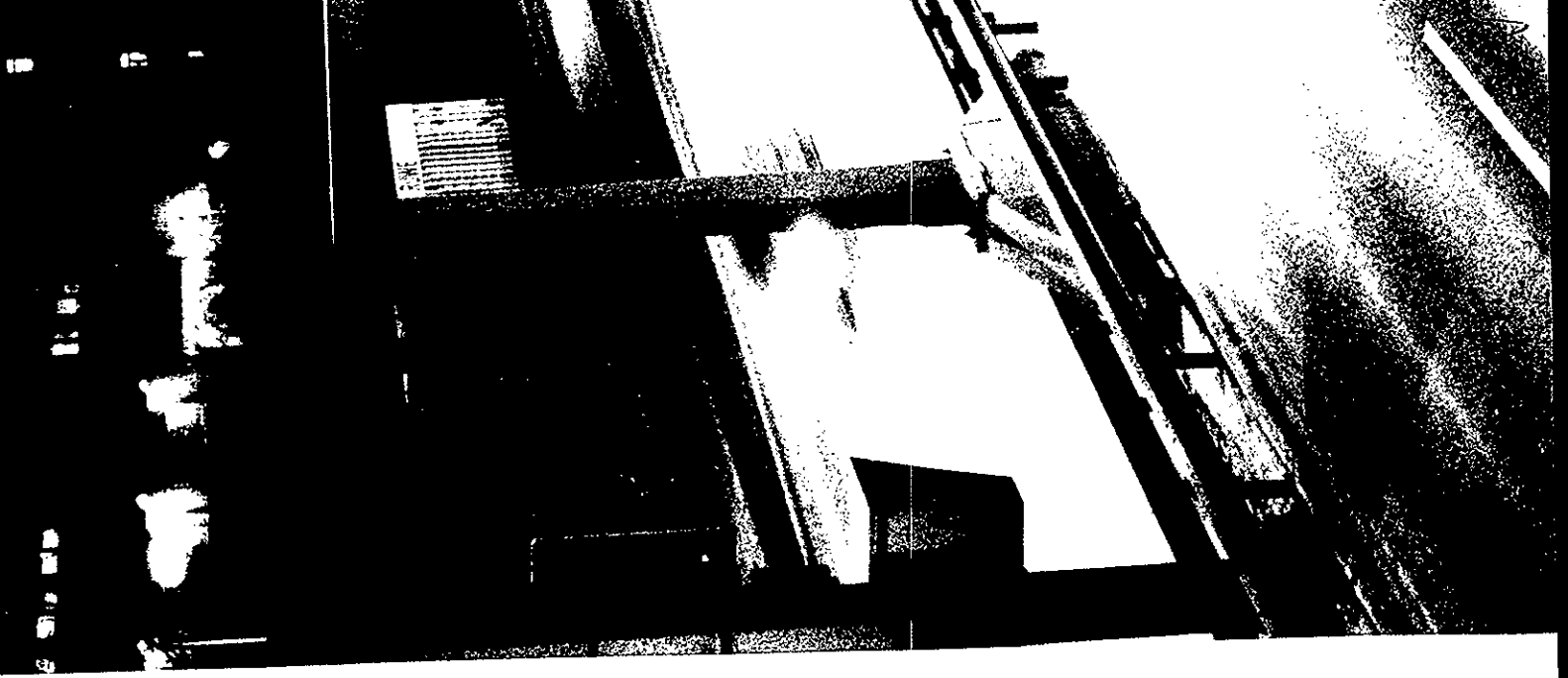
OUTLOOK → As we enter 1996, Asia remains buoyant while South America exhibits signs of recovery. However, subdued market conditions are evident in the developed markets of Europe and North America, although activity is forecast to pick up later in the year. Against this background, the proven international marketing strengths of both Castrol and Chemicals, coupled with continued efficiency improvements, should enable Burmah Castrol to make further satisfactory progress.

→ CHIEF EXECUTIVE'S OPERATING REVIEW

Burmah Castrol's operating profit was up £36 million. This matched 1994's growth, despite less buoyant markets. GDP growth, while still reasonable, moderated perhaps half a point in the G7 to two-and-a-half per cent; in addition, there were specific difficulties in the US consumer sector, and Europe failed to develop any momentum. Our 15 per cent operating profit increase was thus an excellent result, to which both our principal businesses contributed in all three major trading blocs of the world.

Castrol had another good year of volume and profit growth. Chemicals also turned in a strong profit gain, and improved its return on sales to eight per cent. Across the portfolio, Asia remained the growth market but with skilful management of margins and expenses, both Europe and North America increased their profit.

The business as a whole is well balanced to provide continuing profit growth. In geographic terms, sales in Asia correspond with that region's share of the world economy, ensuring that Burmah Castrol will participate fully in Asian expansion. In market sector terms, our portfolio splits approximately half consumer, half industrial, providing a wide spread of opportunity and reducing exposure to individual sector risk.



[BERLIN]

GERMANY

CASTROL FORMULA SX,
QUITE SIMPLY, THE MOST
ADVANCED MOTOR OIL
IN THE WORLD.

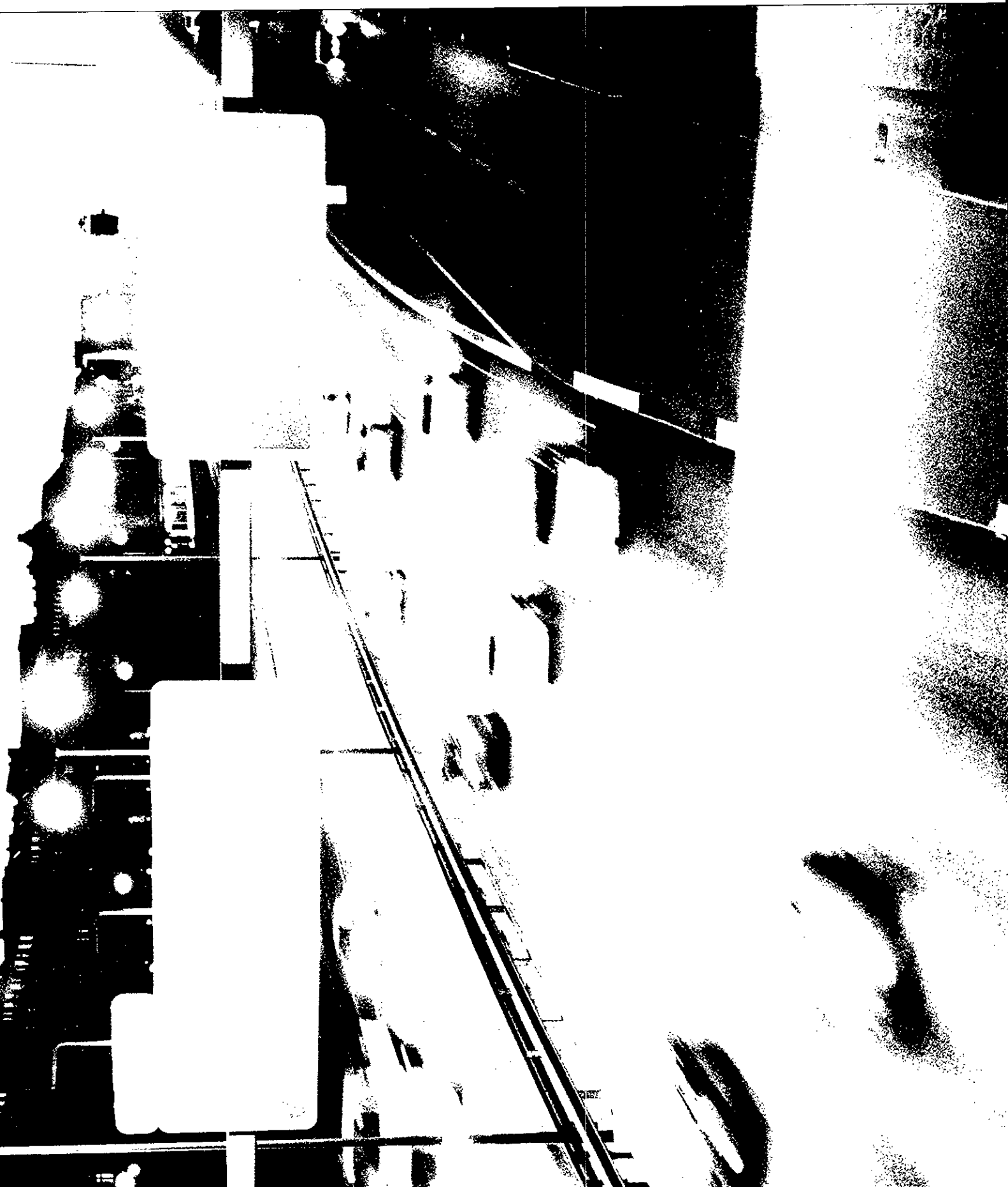
LAUNCHED IN EUROPE
DURING 1995,

THIS SUPER FREE FLOWING
OIL RELEASES THE

FULL POWER OF AN ENGINE
WHILE ACHIEVING A

50 PER CENT IMPROVEMENT
IN FUEL ECONOMY RATING.

THAT'S WHY IT'S
THE NO.1 CHOICE
FOR CUSTOMERS THAT
DEMAND THE BEST.



→ LUBRICANTS Castrol increased profit by 13 per cent, improving its global market share with a five per cent volume gain and strengthening net margins.

Castrol's principal regions of Europe, North America and Asia Pacific all performed strongly. In the smaller Central-Southern region, however, a poor performance in Brazil had a major impact on results.

Castrol's strategy for further profitable growth in 1996 and beyond remains unchanged: the expansion of market shares, trading up to an improved product mix, the penetration of under-exploited sectors, geographic expansion, and a continuing emphasis on cost control.

EUROPE → Castrol Europe achieved good profit growth of 17 per cent in 1995, in a market whose volumes declined by about one per cent. Benefiting from favourable currencies, almost all territories contributed to the increase, with particularly strong performances by Germany and Italy.

In the consumer sector, demand remained weak throughout the year, and Castrol Europe did well to hold volumes at the 1994 level, while substantially increasing profit through trading up and expense control. Major marketing events included the successful launch of the world's first 'zero viscosity' motor oil, Castrol Formula SLX, and of a new top-of-the-range motorcycle product, Castrol RS Superbike. Benefiting from the buoyancy of the export market for the first three quarters of 1995, Castrol Europe's industrial business showed strong profit growth, despite sluggish domestic

demand throughout the year. Profits in the marine market, however, were flat.

In Central and Eastern Europe, Castrol has set up seven subsidiary companies and established representative offices in all other significant states.

These made good progress in 1995, and are well placed to take advantage of further opportunities for growth.

In the near term, overall demand for lubricants is expected to remain flat in Western Europe, so Castrol must continue to generate its own growth momentum. Cost containment projects already in hand will further improve production and distribution efficiency, helping Castrol Europe to maximise the profit potential of its marketing and technological innovations.

NORTH AMERICA → Castrol North America more than doubled its profit in 1993 and 1994, achieving increases of 58 and 37 per cent respectively, despite the maturity of its marketplace. In 1995, a slow-down in the US economy in general and in retail sales in particular led to a deterioration in trading conditions and a reduction in market size. Consequently, Castrol North America's profit increase of nine per cent was a notable achievement, based as it was on sales volumes slightly lower than in 1994.

In the consumer market, which bore the brunt of the economy's deceleration, there was serious price

[LIVERPOOL]

UK

CASTROL HELPS

KEEP THE

WHEELS OF INDUSTRY
TURNING.

WHATEVER THE APPLICATION,

YOU CAN BE SURE

THAT CASTROL

HAS DEVELOPED

SPECIALIST LUBRICANTS

TO MEET THE

NEEDS OF CUSTOMERS,

THE WORLD OVER.



[HO CHI MINH CITY]

VIETNAM

THROUGH THE
RIGOURS OF THE
RUSH HOUR,
DEMAND FOR CASTROL
PRODUCTS IN
ASIA HAS MADE
FOR AN IMPRESSIVE
TRACK RECORD.
FROM VIETNAM TO INDIA,
VIA THE BOOMING
ECONOMIES OF THAILAND
AND MALAYSIA,
TO THE HIGH-TECH
MARKETS OF SINGAPORE
AND JAPAN,
CASTROL CONTINUES TO
INVEST IN SUCCESS.



competition; Castrol North America Automotive succeeded in raising profit by concentrating on improving margins and controlling expenses. Marketing highlights included the successful launch of Castrol GTX motor oil in Mexico and the successful sell-in of Castrol Syntec Blend, a partially synthetic oil, to capitalise on the leading position established by the full synthetic Castrol Syntec FSX.

In industrial markets, where the impact of the economic downturn was felt more strongly in the second half, Castrol Industrial North America had another year of good profit growth, benefiting from higher sales and the streamlining of its businesses. Chem-Trend's results in the releaseants sector were pleasing, while Dryden increased profit in the difficult market for commercial lubricants.

In 1996, market conditions are likely to show little improvement. In the consumer sector, Castrol will continue to use its marketing flair to enhance the appeal of the Castrol GTX brand and the newly extended Syntec range. On the industrial side, new product development will be given fresh impetus, and manufacturing facilities will be further rationalised. Chem-Trend will pursue aggressively a number of growth opportunities.

ASIA PACIFIC → Castrol Asia Pacific had another good year, with operating profit up 14 per cent in an economic climate which was largely buoyant, except in Japan. The rate of Castrol growth was slower than in

the recent past, reflecting higher revenue investment. Most units made strong progress, and expansion in the underexploited non-consumer sectors was particularly pleasing. The star performer was again Castrol India, whose volumes and profit rose substantially, despite the adverse impact of the year-end devaluation of the rupee.

The 12 operating companies in Castrol Asia Pacific are at different stages of development. In mature units, there are opportunities for growth by means of trading up to higher performance products and improving supply chain efficiency. In developing units, whose mission is to increase share at the premium end of the lubricants market as quickly as possible, the requirement is for revenue investment in people and marketing support. The recent move from the UK to Hong Kong of Castrol Asia Pacific's regional headquarters is a key part of the process of strengthening management capability on the ground, facilitating the transfer of expertise from one country to another and encouraging further geographic growth, particularly in China.

In 1996, Castrol Asia Pacific will continue to strengthen its medium and long-term position by further increasing capital and revenue investment. New blending plants will come on stream in India and Singapore, and the Korean production facilities will be expanded.

Additional resources will be dedicated to market share gains and sector in-filling, particularly in India and Japan.

CENTRAL-SOUTHERN → The new Central-Southern division, which comprises the Middle East

(formerly part of Castrol Europe), South America and Africa, is the newest and most volatile of Castrol's regional portfolios. In the generally improved trading environment of 1995, most companies performed extremely well, with the major exception of Brazil.

Following the replacement of senior management, a strategic review is under way and remedial action has been taken, but Castrol Brasil is unlikely to return to profit before 1997.

Whilst Brazil is the top current priority for Central-Southern, other important strategic developments are also being tackled. In South America overall, a regional strategy is to be introduced to improve supply logistics and harmonise brands and advertising. In Africa, the highly successful companies in Zimbabwe and South Africa will concentrate on maintaining their strong positions. In the Middle East, Castrol is pursuing a number of strategic investment opportunities, the first of which came to fruition in Turkey early in 1996, with the setting up of a wholly-owned subsidiary.

→ CHEMICALS Chemicals achieved a 28 per cent increase in profit, while return on sales improved to eight per cent.

There were strong performances by Sericol Screen Printing Inks, Coatings and, especially, Fosco Metallurgical Chemicals. At Fosroc Construction and Mining Chemicals however, profit was depressed by the cost of rationalisation and a weak European marketplace.

METALLURGICAL CHEMICALS: FOSECO → Fosco Metallurgical Chemicals had another excellent year of strong profit growth, as the benefits of rationalisation and improved marketing continued to flow through to the bottom line. Margins were maintained in spite of increased competitor activity.

Regionally, Fosco performed particularly strongly in Europe, expanding the market for its products in automotive foundries, with pleasing results from Germany as well as from a number of the smaller units. North America also did well, especially in the first half, and the aluminium degassing business acquired from Praxair fulfilled its profit expectations. India performed strongly and East Asia was ahead of 1994, with Japan continuing to increase profitability despite difficult trading conditions, and Korea making good progress. In South America, however, Fosco was adversely affected by the slow-down in the Brazilian foundry market and by devaluation in Venezuela.

In market terms, the foundry business was once

again the powerhouse of Fosco's growth, while steelmills and aluminium also exceeded 1994 and the Fosbel joint venture had another excellent year. At the beginning of 1996, Fosco carried out a major reorganisation further to sharpen the market focus of its four strategic business units.

The slow-down in foundry activity already perceptible in the second half of 1995, notably in North and South America and in Japan, will make for less favourable market conditions in 1996. Fosco, however, is in good shape to make further profitable progress, as its cost reduction and marketing improvement programmes continue.

CONSTRUCTION AND MINING CHEMICALS:

FOSROC → Profit was down at Fosroc, as declines in the UK, US and Saudi Arabia were only partially offset by growth in Asia Pacific and Dubai. Demand remained weak and raw material price increases could not be passed on in full. The principal component of Fosroc's reduced profitability, however, was the cost of restructuring in the UK, including the closure of two factories.

Fosroc will continue to invest in high-growth markets, where it can capitalise on its local strengths, particularly in Asia Pacific and parts of the Middle East. The start-up operation in Thailand and the new factory

[ATACAMA DESERT]

CHILE

WHEN EQUIPMENT HAS
TO WORK IN
EXTREME CONDITIONS
ONLY THE STRONGEST
METALS WILL DO.
FOSECO'S SPECIALIST
PRODUCTS ARE
CHOSEN ON THEIR
ABILITY TO DELIVER
RELIABILITY
AND PERFORMANCE
THROUGHOUT THE
WORLD.

IN THE HEAT OF THE ACTION



[MINNEAPOLIS]

USA

SERICOL
SCREEN PRINTING INKS
IS A STAR PERFORMER
FOR OUR CHEMICALS GROUP.

WHEREVER SERICOL
OPERATES YOU'LL
FIND INNOVATIVE PRODUCTS
AND CONTINUOUSLY
IMPROVING SERVICE
WHICH UNDERPIN AN
IMPRESSIVE
GROWTH RECORD.



in China will help to increase sales, and plant upgrades are planned for India and Egypt. A new plant will also be opened in Brazil, which performed well in 1995. In developed markets, notably the UK and US, conditions seem to have stabilised, albeit at a low level. Fostroc's priority in these areas is to improve profitability, by business rationalisation and cost reduction. The aim is therefore for a significant improvement in profitability in 1996.

SCREEN PRINTING INKS: SERICOL → Sericol had yet another outstanding year, with every operating company contributing to the overall profit growth. Its competitive position was enhanced by improved customer service programmes, while the introduction of new products, particularly UV-based inks, helped to open up new markets.

Sericol's excellent 1995 results were achieved in mixed market conditions. Despite a difficult trading climate in Europe, increased specialisation of sales and technical staff helped Sericol further to develop its core graphics and textile businesses, while significantly expanding in the high-growth areas of inks for printing compact discs, roll labels and containers. In the US, where the market contracted, Sericol shed low-margin business in order to concentrate successfully on core speciality markets. In buoyant Asia Pacific, Sericol Hong Kong powered ahead, expanding its presence in mainland China.

Sericol continues to invest for future growth: a joint

venture was set up in India early in 1996 and, on the R&D front, Sericol is participating in the development of digital technologies, particularly for pre-press work in screen printing.

The outlook for 1996 is encouraging, although not without its challenges. The transfer of production to a new factory in the UK should provide the opportunity for further operational efficiency improvements. The Asia Pacific region is expected to expand and the US market should return to modest growth, stimulated by the Olympic Games and the Presidential elections.

COATINGS: DUSSEK CAMPBELL & PROTIM SOLIGNUM → Coatings had a good year in 1995 in mixed markets, as higher sales and lower costs, following restructuring in Europe and Australia, combined to increase profit and profitability.

Dussek Campbell's European cable compounds business achieved strong growth, as did its reorganised investment casting wax business, based in the UK and the US. The other wax businesses showed improvement, especially in the US and Australia, but the UK operation suffered from factory integration problems. Despite the dire state of the UK and Australian housing markets, Protim Solignum also performed well.

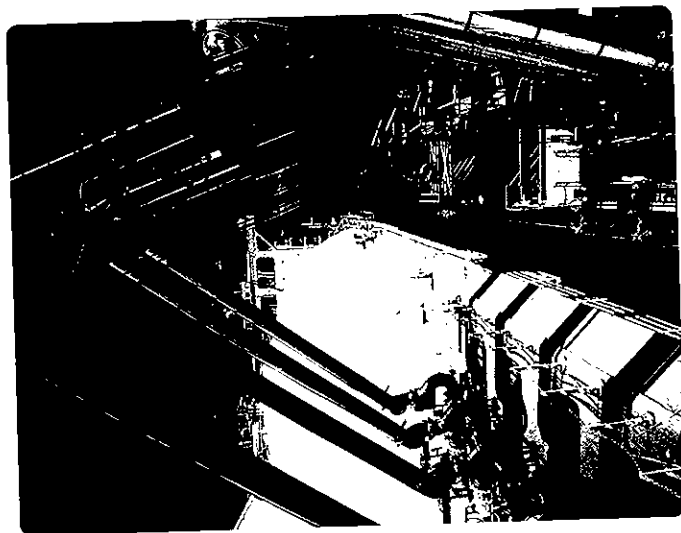
There are continuing opportunities for the Coatings division to grow. In addition to higher sales of recently developed products in both new and existing markets, Coatings will benefit from further cost savings derived

from improved productivity and manufacturing efficiencies.

ADHESIVES: IAL & COLUMBIA CEMENT → In the UK, IAL successfully held margins in a competitive market, and export sales doubled. New warehousing and production capacity for water-based adhesives is under construction. Weaker UK demand is expected in 1996, so IAL's rate of growth may slacken.

In the US, Columbia Cement suffered from reduced demand in the second half of the year. Prospects for 1996 will depend on the market's acceptance of replacements for non-flammable solvent-based products.





[INDONESIA]

BURMAH CASTROL OWNS 50 PER CENT OF A
JOINT VENTURE WHICH TRANSPORTS LIQUEFIED NATURAL GAS
FROM INDONESIA TO JAPAN.

→ FUELS/LNG TRANSPORTATION/ENERGY INVESTMENTS

FUELS → Burmah Castrol sold its UK fuels business to The Frost Group in mid-1995. The remaining companies held profit on a par with 1994, despite difficult trading conditions in a number of markets. The Turkish joint venture staged a good recovery, but Australia was held back by the cost of rationalising some of its smaller sites. Of the smaller operations, Chile and Belgium held their own in profit terms, but Sweden and Ireland were down. The car care products business, Simoniz, achieved break-even after a loss in 1994.

At the beginning of 1996, Burmah Castrol announced the sale of its interests in Turkey, Chile and Sweden, and confirmed its strategic decision largely to withdraw from the fuels market.

Profit generated by the UK and Chilean fuels businesses in 1995 are reported as discontinued operations. Certain aspects of the disposal transactions for Turkey and Sweden remain incomplete as at the date of approval of the accounts. The results of these operations are reported as continuing operations.

LNG TRANSPORTATION → Profit remained at the previous year's level, and 154 cargoes were transported. The highlight of 1995 was the joint venture's success in extending its contract with Pertamina, the Indonesian state oil company. Six of its eight vessels are now guaranteed employment through to the end of the year 2010 and, as a result, the project will remain profitable for this period as a whole. Negotiations to extend the contract for the two remaining ships continue. Further details are given in note 14 to the accounts on page 46.

ENERGY INVESTMENTS → Negotiations continue for the sale of Burmah Castrol's two remaining investments in Pakistan.

→ FINANCIAL REVIEW

RESULTS FOR THE YEAR → Turnover from continuing operations increased by seven per cent from £2,769 million to £2,969 million, whilst operating profit from continuing operations and before exceptional items increased by 15 per cent from £241 million to £277 million. Eliminating the net favourable impact of the movement in exchange rates on the translation of overseas earnings, the improvement in operating profit was 13 per cent. There were no exceptional items in 1995.

Earnings per ordinary share rose by 17 per cent to 66.9 pence before 1994 exceptional items, and fell by four per cent after 1994 exceptional items.

DIVIDENDS → Assuming the dividend recommendations contained in the Chairman's review on page 5 are adopted, the dividends for the year will, as for 1994, comprise two-thirds payable in cash (with a scrip alternative) and one third as a foreign income dividend (FID). The latter comprises a base line FID of 11.2 pence, which is enhanced by a further 2.8 pence, to avoid disadvantaging shareholders who would normally benefit from a tax credit attaching to a conventional cash dividend.

The recommended total dividend of 36.25 pence represents an increase of 3.75 pence over the previous year.

CAPITAL STRUCTURE AND TREASURY POLICY → Burmah Castrol maintains central control over major

banking relationships, borrowings, cash balances, interest cover, foreign exchange and insurable exposures as part of its corporate finance disciplines, in order to achieve efficient financial transactions and to contain financial risks.

The group's funding strategy is to locate debt wherever appropriate in the same territories as those of the group's major assets. The main currencies, other than sterling, in which net borrowings are held are US dollars, Deutsche marks and Australian dollars.

Burmah Castrol maintains a mix of fixed and floating rate borrowings. At 31 December 1995, some 49 per cent of total borrowings were at fixed rates and some 51 per cent at floating rates of interest. In this analysis, "fixed" means that the interest rate cannot be varied for one year or more.

The amount of borrowings maturing after five years and between two and five years represents 29 per cent and 38 per cent respectively of total borrowings. As well as long and medium-term borrowings, the group maintains substantial short-term borrowings, a significant proportion of which is in the form of commercial paper. Commercial paper is, however, supported by sterling and multi-currency standby facilities having maturity dates after more than one year.

The group's net gearing calculation is complicated by the inclusion in the consolidated balance sheet of assets and obligations in accordance with FRS5 (trade loan guarantees and bills discounted with recourse), as well as the hybrid nature of the group's convertible capital

bonds, which are likely to be converted into equity before maturity. At 31 December 1995, bonds with a value of £3 million had been converted and by 29 March 1996, a further £20 million had been converted (see note 31(b) on page 55). The table below shows the different components of the net gearing calculation.

	1995		1994	
	£ million	Gearing %	£ million	Gearing %
Net borrowings, excluding convertible capital bonds	144	20	173	28
Convertible capital bonds	53	8	56	9
Obligations recognised under FRS5	106	15	82	13
	303	43	311	50

The investment of surplus funds, the majority of which are currently held in the UK, is controlled by an investment committee under the chairmanship of the Director, Finance, with priority being given to security.

The group's currency risk is managed in a non-speculative manner. Wherever possible, borrowings are in the currency of the corresponding trading revenues, in certain cases by means of currency swaps.

Currency transactions, including expected profit remittances from overseas subsidiaries and other cash flows, are hedged where appropriate, normally by the use of forward contracts. The group does not hedge exchange exposures relating to the translation of undistributed profits of overseas subsidiaries.

The group monitors centrally all aspects of insurable

risk and insurance cover, and operates an offshore insurance company based in Guernsey.

INTEREST → Net interest in 1995 was £27.7 million, compared to £30.2 million in 1994, representing a reduction of eight per cent. The interest charge also includes items such as commitment fees and interest on non-recourse debt factoring, the amounts of which are not related to the actual level of balance sheet debt. Excluding such amounts, the interest charge has fallen by some 12 per cent. Net balance sheet debt, excluding obligations recognised under FRS5, has fallen by 14 per cent over the same period.

Net interest for 1995 was covered 11 times by cash generated from operations (1994, 10 times), and 10 times by operating profit (1994, 8 times).

TAXATION → The taxation charge, at £97.8 million, was 38.7 per cent of profit before tax excluding exceptional items, as against 39.5 per cent in 1994.

This rate substantially exceeds the 33 per cent standard UK Corporation Tax rate because most of the group's earnings arise in other countries; overseas tax rates, including withholding taxes on remittances to the UK, averaged 41 per cent (1994, 43 per cent).

CASH FLOW AND CURRENT LIQUIDITY → Cash generated from continuing operations, at £321 million, was eight per cent higher than in 1994.

The net cash inflow after dividends, interest and tax,

but before investing activities, was £109 million, compared with £190 million in 1994. The difference is substantially explained by the lesser amount of the cash dividend payment in 1994, as a consequence of the high take up of the share alternatives to the 1993 ordinary dividends and the early payment of the 1993 interim dividend.

Increased capital expenditure, combined with the effect of the dividend payments, noted above, resulted in a net cash outflow from ordinary activities of £30 million in 1995, compared with net cash inflow of £76 million in 1994. After taking into account a net cash inflow from other investing activities of £42 million, the net cash inflow before financing was £12 million, compared with £68 million in 1994. The positive cash flow from other investing activities was mainly due to receipt of the £89 million in cash from the sale of UK fuels and a reduction of £28 million in the amount of surplus funds invested for periods exceeding three months. Under the existing reporting standard for cash flow statements (FRS1), investment in these funds is regarded as a cash outflow, i.e. an investing activity. In terms of the group's cash management procedures, this is regarded as a financing activity. On the latter basis, net cash inflow before financing would be £41 million, as compared with £116 million in 1994.

Net borrowings (including the convertible capital bonds) at the end of the year were £197 million, a reduction of £32 million from 1994. Burmah Castrol is bound on an ongoing basis by the limitation on

borrowings contained in its Articles of Association and by a number of restrictive covenants in its principal borrowing arrangements. It is not anticipated that these covenants would place a limitation on the group's development in the foreseeable future.

Burmah Castrol maintains five-year committed sterling and multi-currency revolving standby credit facilities with its relationship banks. In addition, many overseas subsidiaries maintain facilities with local banks. Expected future cash flows, together with these facilities, are regarded as sufficient to meet the group's current working capital and capital expenditure needs.

PENSIONS → The triennial full actuarial review of the group's main UK pension fund was carried out as at 1 April 1995. The review showed that the assets of the fund were sufficient to cover approximately 107 per cent of the value of benefits accrued to members, after allowing for the estimated effect of future salary increases. Cash contributions by the company increased with effect from 1 January 1995, bringing total annual contributions to the full joint future service contribution rate.

INCREASE IN SHAREHOLDERS' FUNDS → The overall increase in shareholders' funds during 1995 was £91 million. Details of this increase are contained in the statement of total recognised gains and losses and the reconciliation of the movement in shareholders' funds, both on page 37. The main components of the

movement, other than retained profits, are:

- A write-back of £23 million of goodwill which related to the UK fuels business, which was sold during the year.
- An increase in share premium of some £7 million, as a result of new shares issued during the year. Of this amount, £3 million resulted from the conversion of capital bonds into ordinary shares.

In addition, £7 million of goodwill on acquisitions was eliminated against reserves, in accordance with the group's accounting policy. Goodwill eliminated against reserves at the beginning and end of the year was £398 million and £382 million, respectively.

Although not shown as an asset in the consolidated balance sheet, goodwill continues to represent a part of Burmah Castrol's underlying value, as does the internally generated goodwill contained in, for example, the group's strong global brands. Internally generated goodwill is not recognised in the consolidated balance sheet.

DISPOSAL OF UK FUELS → On 14 July 1995, the business and certain assets of the UK fuels division of Burmah Castrol Trading Limited were sold to The Frost Group for £89 million, including approximately £6 million for stocks. The sale excluded approximately £17 million of trade loans which are repayable to Burmah Castrol in various instalments within the next five years.

No material profit or loss was made on the disposal, after taking account of goodwill previously written off to reserves of £23 million and of the costs of disposal and

provisions. Details of the disposal are given in note 15 to the accounts on page 47.

ACQUISITIONS → There were no major acquisitions during the year. Two small chemicals businesses were acquired and the opportunity was taken to increase the group's interest in various existing operations by the purchase of minority interests, notably Fosroc A/S in Denmark. The total cost of acquisitions and purchase of minorities was £11 million.

ACCOUNTING POLICIES → As a result of the introduction in 1995 of the Burmah Castrol executive share option scheme, described in the report of the remuneration committee on page 24, a new accounting policy relating to such schemes has been developed. The policy is set out on page 39.

EVENTS AFTER THE BALANCE SHEET DATE →

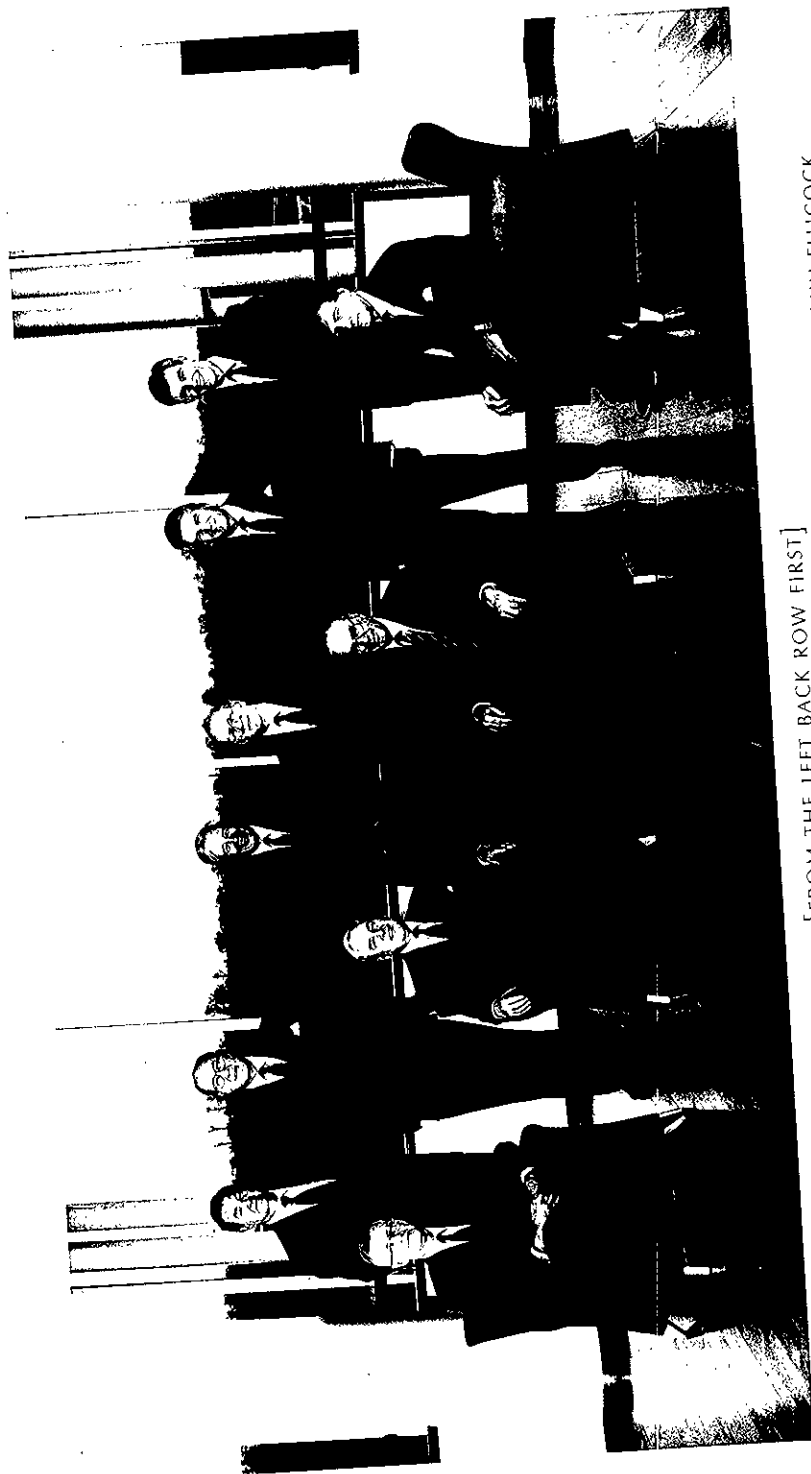
Subsequent to the year-end, the group has announced that it is disposing of its fuels retailing interests in Turkey, Chile and Sweden. Details are given in note 31 to the accounts on page 55. This leaves the group with fuels businesses in Belgium and Ireland, where they are integrated with the lubricants businesses, and with a stand-alone fuels operation in Australia.

DISCONTINUED OPERATIONS → The results of the UK and Chile fuels businesses, sold in 1995 and 1996 respectively, (see above), have been disclosed as

discontinued operations for both 1995 and 1994 and all years disclosed in the five year summary on page 60.

Results for the Sweden and Turkey fuels businesses have not been classified as discontinued since, at the date of these accounts, 29 March 1996, the agreements for their disposal were conditional on regulatory consents.

RESTATEMENT OF GEOGRAPHICAL ANALYSIS FOR LUBRICANTS BUSINESS GROUP → The geographical analysis of turnover and operating profit for 1994 on page 3 has been restated to reflect the new regional boundaries which were introduced at the end of that year. The costs associated with regional directorates are now deducted from regional operating profit, rather than included within central costs: this follows the transfer of Castrol Asia Pacific's regional headquarters to Hong Kong.



[FROM THE LEFT BACK ROW FIRST]
→ MIKE DEARDEN, PETER JANSEN, HUGH MELLOR, BRIAN HARDY, BERNT MAGNUSSEN, JOHN ELLICOCK
→ IAIN DOBBIE, LAWRENCE URQUHART, JONATHAN FRY, TIM STEVENSON

→ MEMBERS OF THE BOARD

LAWRENCE URQUHART (60) joined the company in 1977 as Finance Director, becoming Chief Executive of the Lubricants group in 1982, and Managing Director of Burmah Castrol in 1985. He was appointed Chief Executive in 1988, Chairman in 1990 and Non-Executive Chairman in 1993. Mr Urquhart is also Chairman of English China Clays plc, Chairman of Scottish Widows' Fund and Life Assurance Society, and a Non-Executive Director of BAA plc and Kleinwort Benson Group plc.

JONATHAN FRY (58) joined the company as Planning Director in 1978. He became Chief Executive of the Chemicals group in 1981, and was appointed to the board in 1984. He became Chief Executive of the Lubricants group in 1987, Managing Director of Burmah Castrol in 1990, and Chief Executive in 1993. Mr Fry is a Non-Executive Director of Christian Salvesen plc and Northern Foods plc, and Chairman of the Asia Pacific Advisory Committee of the Royal Institute of International Affairs.

MIKE DEARDEN (53) joined Castrol in 1980 as worldwide Marketing Manager. In 1984 he was appointed Chief Executive of Castrol Malaysia and subsequently Director of Castrol's Western and Southern Hemisphere regions. In 1991, Mr Dearden was appointed Chief Executive of the Fosco Metallurgical Chemicals division. He joined the board as Director, Chemicals in June, 1995.

JOHN ELLICOCK (49) joined the company in 1977, becoming Managing Director of Castrol Malaysia in 1981 and Chief Executive of Castrol Australia in 1984. He joined the board in 1987, on his appointment as Chief Executive of the Chemicals group. Mr Ellicock became Director, Lubricants Europe in 1990.

BRIAN HARDY (54) joined the company as Finance Director of the Lubricants group in 1984. He was appointed Director, Finance for Burmah Castrol in July 1990. He is a member of the independent trustee company of the Burmah Castrol Pension Fund, and Chairman of its investment subsidiary. Mr Hardy is a Non-Executive Director of Storehouse plc and Chairman of its audit committee.

TIM STEVENSON (47) joined the company in 1975, holding a number of senior posts in the UK and overseas. He was appointed Chief Executive of the Fuels group in 1990, becoming Chief Executive of the Lubricants group and a member of the board in 1993.

→ NON-EXECUTIVE DIRECTORS

IAIN DOBBIE (58) was appointed a Non-Executive Director in 1989. He has been group Director of Finance on the Reckitt & Colman plc board since 1986, and is also Chairman of Reckitt & Colman's pension fund and its investment committee.

PETER JANSEN (56) joined the Burmah Castrol board in 1993. He is Deputy Chairman and Chief Executive of Caradon plc. He is also Non-Executive Chairman of the supervisory board of Nutreco Holding BV, and a Non-Executive Director of Southern Africa Investors Limited.

BERNT MAGNUSSON (54) was appointed to the board in 1994. Since 1991, he has been Chairman of NCC AB, one of Sweden's largest companies. He is also Chairman of Swedish Match, Vice Chairman of Avesta Sheffield and Non-Executive Director of Nordbanken, Sijja Oy Ab, Höganäs and ICB Shipping.

HUGH MELLOR (60) has been a Non-Executive Director of Burmah Castrol since 1984. In accordance with the introduction of fixed terms for Burmah Castrol's Non-Executive Directors, Mr Mellor's term as a Non-Executive Director will end in 1997. He is also a Non-Executive Director of Harrisons & Crosfield plc.

→ CORPORATE GOVERNANCE

The board, which consists of five executive and five non-executive directors, is responsible to shareholders for the management of the group.

Biographical information on directors can be found on page 21. The board confirms that the company has complied with the requirements of the Cadbury Report's Code of Best Practice throughout the year. The following board committees deal with specific delegated matters, in conformity with best practice in corporate governance.

EXECUTIVE COMMITTEE → Jonathan Fry (Chairman), James Alexander (Corporate Affairs Director), Mike Dearden, John Ellicock, Brian Hardy, Jim Prophet (Human Resources Director), Tim Stevenson.

The executive committee meets monthly. It is responsible for all executive matters other than those which have been specifically reserved for the board itself.

NOMINATIONS COMMITTEE → Lawrence Urquhart (Chairman), Iain Dobbie, Jonathan Fry, Peter Jansen, Bernt Magnusson, Hugh Mellor.

This committee is responsible for selecting candidates for directorships to the parent board, although the final decision on appointments rests with the full board. Burmah Castrol's non-executive directors are appointed for fixed terms.

REMUNERATION COMMITTEE → The membership and report of the remuneration committee appear on pages 23 to 27.

AUDIT COMMITTEE → Hugh Mellor (Chairman), Iain Dobbie, Bernt Magnusson, Lawrence Urquhart.

Although the board as a whole has a statutory responsibility for the preparation and publication of the company's accounts, the audit committee takes the lead in respect of a number of important tasks. It reviews the internal audit programme and ensures co-ordination between internal and external auditors. It monitors the effectiveness of internal control systems, with particular reference to the external auditors' management letters and management's response. The directors' statement on the group's system of internal financial control appears below. The committee also makes recommendations on the appointment of the external auditors, with whom it discusses the nature and scope of the audit, as well as any problems or reservations the auditors may have. In addition, the committee reviews the half-year and annual financial statements before they are submitted to the board.

INTERNAL FINANCIAL CONTROL → The directors acknowledge their responsibility for the group's system of internal financial control. The internal control system is subject to periodic review by the internal audit function. Direct access to the audit committee is given to the head of this function and all internal audit reports are reviewed independently of the businesses concerned. The audit committee reviews the plans and results of the internal audit function and has reviewed the effectiveness of the system of internal financial control based on

reporting by management and both the group's external and internal auditors. Any system of control can, however, only provide reasonable, and not absolute assurance against material accounting errors or losses.

The directors hold regular meetings and a number of matters are specifically reserved for their approval, including appropriate strategic, financial and organisational issues. The group has an established organisational structure with clearly defined lines of responsibility and reporting, the latter being supported by group finance manuals which set out policies and procedures applicable in common to all business units.

The group prepares medium-term strategic plans and annual budgets, which require the approval of the board and business unit managements. The performance of both the group and individual business units is monitored against budget throughout the year and significant variances are investigated. There are also specific guidelines for capital and investment expenditure appraisal.

GOING CONCERN → After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

PENSION SCHEMES → The company's principal pension scheme in the UK is the Burmah Castrol Pension Fund. It is a pre-funded, defined benefit

arrangement, managed by a corporate trustee company whose ownership is separate from the company. Its Chairman is Hugh Mellor, a Non-Executive Director of Burmah Castrol. The fund's rules expressly forbid any investment in the shares or assets of the Burmah Castrol group. Responsibility for the investment and safe custody of the fund's assets is delegated to independent investment managers and custodians. Members receive annual information regarding the fund's financial situation and their own individual benefit entitlements.

Pension arrangements elsewhere in the world reflect good local practice. Further information on the company's pension arrangements is set out in note 22 to the accounts on pages 50 and 51.

REPORT OF THE REMUNERATION COMMITTEE →
This remuneration committee report is made on behalf of the board of Burmah Castrol plc to its shareholders. It sets out both the company's general policy on the remuneration of main board executive directors and other senior executives, and the actual remuneration packages, including share options, of the individual executive directors by name. The amounts received by, and committed to, each director are subject to audit.

The remuneration committee, in framing its current remuneration policy, has given full consideration to Section B of the Best Practice Provisions annexed to the Listing Rules of the London Stock Exchange.

THE REMUNERATION COMMITTEE → The remuneration committee determines on behalf of the board all matters relating to the compensation plans and terms and conditions of service of the executive directors of the company. The committee also advises and comments upon these matters in relation to other Burmah Castrol senior executives. The committee draws on outside advice as necessary. Decisions and recommendations of the committee are reported to the board as appropriate.

The remuneration committee consists of the following members: Iain Dobbie (Chairman), Peter Jansen, Bernt Magnusson, Hugh Mellor, Lawrence Urquhart.

Biographies on each member of the remuneration committee are given on page 21.

The company is satisfied that all the members of the remuneration committee meet the independence requirements of the Code of Best Practice issued by the Study Group on Directors' Remuneration (the Greenbury Committee); and that they have no personal financial interest other than as shareholders in the matters to be decided, no potential conflict of interest arising from cross directorships and no day-to-day involvement in running the business.

BURMAH CASTROL'S GENERAL POLICY ON EXECUTIVE REMUNERATION → Burmah Castrol's strategy is to exploit its strong brands and technical expertise by the innovative marketing of high-

performance products and services globally in both its Lubricants and Chemicals businesses. Its general policy on the remuneration of executive directors and senior executives is to offer a remuneration package which will attract, retain and motivate high calibre and internationally mobile executives able to implement this strategy. It aims to provide a balanced remuneration package which includes an appropriate level of basic salary and benefits in kind, a short-term incentive plan linked to challenging short-term targets and a long-term incentive in the form of a share option scheme, which focuses the executives on the long-term performance of the company and which aligns the executives' interests with those of the shareholders. The balance between short-term and long-term incentives has been carefully structured to ensure that short-term targets reinforce the long-term performance of the company.

In determining the structure of the remuneration package and setting individual remuneration levels, the remuneration committee takes account of pay and benefits levels in the general UK senior executive remuneration market, but considers particularly a comparator group of other major UK-based international marketing groups of similar size and complexity. Market data is provided to the remuneration committee by external independent consultants.

COMPONENTS OF THE REMUNERATION PACKAGE BASIC SALARY → The basic salary of executive

directors and other senior executives is reviewed with effect from 1 September each year.

Burmah Castrol's aim is to pay at the median of its comparator group of other major UK-based international groups of similar size and complexity.

Individual salaries and increases are dependent on a number of factors: the size and nature of the job, individual performance and experience, individual market value, Burmah Castrol's business performance and the policy and increases adopted for other groups of staff in the company.

PENSION → The executive directors and other senior executives are members of, and accrue benefits under, the senior section of the Burmah Castrol Pension Fund, a tax approved defined benefit scheme. The scheme provides a pension based on final year's basic salary, which is the only pensionable element of remuneration. The Non-Executive Chairman of Burmah Castrol plc is in receipt of a pension from this scheme following his retirement from executive responsibilities in 1993.

The company has established an unfunded unapproved arrangement to handle executives who are subject to the earnings cap introduced by the 1989 Finance Act. Taken together with the benefits provided by the main scheme, the unfunded arrangement enables executives to receive a pension based on the whole of their final year's basic salary. None of the current executive directors is subject to the earnings cap in the calculation of his pension benefits.

BENEFITS IN KIND → (eg company car, medical insurance) The levels of other benefits in kind are reviewed periodically. Burmah Castrol aims to be in line with market practice in these areas.

EXECUTIVE INCENTIVE BONUS PLAN → Burmah Castrol believes in the importance of incentives in motivating and influencing executives to focus on particular areas of business performance. The current Executive Incentive Bonus Plan was introduced in 1992. It presents executives with challenging, but achievable, annual targets which are objective and measurable. For executive directors, the remuneration committee selects an appropriate measure each year – for the last three years this has been year on year growth in earnings per share (EPS) before exceptional items. This is considered the appropriate measure for Burmah Castrol to ensure steady sustained growth. In April each year the incentive base and formula for the year are discussed and approved by the remuneration committee. The committee takes into account the audited company results for the previous year, the internal budget for the year and the general economic outlook. The remuneration committee aims to set a bonus plan target which will generate a payment of 20 – 25 per cent of basic salary for a "fully satisfactory performance" with a maximum bonus potential of 50 per cent. At the end of each year the result against this target and any payments which ensue are also subject to review by the remuneration committee.

Payments over the last three years at main board level have averaged 31 per cent with the maximum and minimum being 49 per cent and 18 per cent respectively.

SHARE OPTION SCHEMES → In 1985, the company established a UK all-employee savings-related 'Sharesave' share option scheme and an executive share option scheme for senior executives. The period for granting options under these schemes expired in 1995 and, following shareholder approval at the 1995 annual general meeting, they were replaced with new ten year schemes. Executive directors and other senior executives participate in both schemes.

SAVINGS-RELATED SHARE OPTION SCHEME → This UK all-employee share scheme has proved highly successful, with over half of UK employees participating. Employees can save from their pay up to £250 per month for a five year period and buy shares, the price of which is calculated at a 20 per cent discount to the market price fixed at the time the options are granted. The monthly savings amount and price discount are the maximum currently allowable under Inland Revenue rules.

EXECUTIVE SHARE OPTION SCHEME → The 1985 executive share option scheme has also proved highly successful for shareholders and executives with the share price advancing from 252 pence to 892 pence between the dates of the first and last grants under the scheme.

After examination of all the alternatives, the

remuneration committee concluded that a long-term incentive continued to be appropriate at a senior level in Burmah Castrol and that a new share option scheme, somewhat modified from the previous scheme, would be more appropriate for the business than other available forms of long-term incentive.

Modifications include: extending the number of eligible executives worldwide from 200 to over 300, and encouraging long-term shareholding among executives through a system of regular annual grants in place of the previous practice of replacing options which had been exercised. Over a period of time, executives can steadily build up their stake in the company and, provided the company continues to perform strongly, their interests are likely to be well served by retaining their options rather than early exercise and sale.

In summary the objectives of the new scheme are: to provide a community of interest with shareholders through the common objective of share price growth; to provide a community of interest among senior executives through a common corporate scheme and to focus attention on the long term (3 – 10 years ahead). The committee has concluded that no other form of long-term incentive will be introduced at the present time.

Grants under the new scheme are made annually, based on a percentage of basic salary at 1 September each year (at main board level the percentage is 100 per cent of basic salary, which is in line with the external market). The first grant was made in September 1995.

All grants are subject to the participant performing at

a satisfactory level in his/her job. All grants are approved by the remuneration committee. In addition, to reflect institutional investors' guidelines and changes in practice, a corporate performance requirement is attached to each grant. The requirement selected by the remuneration committee for the September 1995 grant is that the company's earnings per share (EPS) growth must exceed growth in the UK Retail Prices Index (RPI) by more than six per cent over a three year period. Grants may only be exercised if the company meets this performance level.

APPOINTMENTS OUTSIDE THE COMPANY →

Burmah Castrol allows its senior executives to accept non-executive directorships outside the company as a means of broadening their outlook and their business understanding. Such appointments must be agreed in advance by the Chairman or Chief Executive as appropriate and must not impact adversely on the executive's responsibilities within Burmah Castrol. The time commitment is normally limited to approximately 16 days per annum. The fees from such appointments are retained by Burmah Castrol.

CONTRACTS OF EMPLOYMENT → The executive directors' service agreements have been reduced from three to two year rolling contracts. A number of senior executives in the UK and overseas below main board level also have two year contracts. Burmah Castrol operates in a highly competitive international market and regards as critically important the need to retain and

continue to motivate its directors and senior executives. The company, therefore, feels it is appropriate that the directors and certain senior executives reporting to them should continue to be on two year rolling contracts.

POLICY ON PROVISION OF FEES TO NON-EXECUTIVE DIRECTORS → Fees for the Non-Executive Chairman and the non-executive directors are reviewed every two years on 1 September. They were last reviewed in September 1994. Fees for the Chairman are recommended to the main board by the remuneration committee (without the Chairman being present); fees for the non-executive directors are recommended to the main board by the Burmah Castrol executive committee.

The level of fees is set between the median and upper quartile of the general external market for non-executive directors, taking into account the number of days contributed per annum (in Burmah Castrol's experience this amounts to 80 days for the Chairman and 16 days for the non-executive directors). As with the executive directors, market information is provided by external independent consultants.

An additional payment is made to the Chairman of the audit committee and the Chairman of the remuneration committee in respect of these additional responsibilities.

In line with market practice the Non-Executive Chairman is also provided with a company car, an annual medical and personal accident insurance cover. The other non-executive directors receive personal accident insurance cover whilst on company business only.

Directors' remuneration for the year ended 31 December 1995		SALARY & FEES £000s		BENEFITS IN KIND £000s note 4		EXECUTIVE INCENTIVE BONUS £000s note 5		TOTAL £000s		SHARE OPTIONS £000s note 6		PENSIONS £000s note 7	
Executive directors													
JM Fry	1995	387	13	109	509	3	114						
	1994	345	13	60	418	-	27						
MB Dearden	1995	105	6	50	161	-	31						
note 1	1994	-	-	-	-	-	-						
JH Ellicock	1995	189	16	52	257	3	56						
	1994	178	11	32	221	-	14						
B Hardy	1995	199	12	56	267	-	59						
	1994	184	13	33	230	171	15						
GDT Owen	1995	87	5	26	118	291	30						
note 2	1994	190	11	33	234	2	15						
TEP Stevenson	1995	221	16	63	300	61	66						
	1994	204	12	36	252	76	16						
Non-executive directors													
LM Urquhart	1995	110	14	-	124	267	-						
note 3	1994	103	13	-	116	260	-						
IG Dobbie	1995	25	-	-	25	-	-						
	1994	20	-	-	20	-	-						
PJ Jansen	1995	22	-	-	22	-	-						
	1994	20	-	-	20	-	-						
BE Magnusson	1995	22	-	-	22	-	-						
	1994	20	-	-	20	-	-						
HS Mellor	1995	25	-	-	25	-	-						
	1994	20	-	-	20	-	-						
Total	1995	1,392	82	356	1,830	625	356						
	1994	1,284	73	194	1,551	509	87						

Notes

- The remuneration for Mr M B Dearden relates only to the period while he was a director of Burmah Castrol plc (i.e. from 8 June 1995).
- The remuneration for Dr G D T Owen relates only to the period when he was a director of Burmah Castrol plc (up to 8 June 1995).
- The option exercised by Mr L M Urquhart in 1995 was the last remaining to him under the company's 1985 executive share option scheme. The final date by which the option could have been exercised was 16 April 1996.
- The value of benefits in kind received during the year covers company car, fuel, private medical insurance, telephone rental and use of chauffeur where provided.
- The bonus payment for 1995 amounts to 26 per cent for the full year based on 17 per cent growth in earnings per share. The payment to Dr G D T Owen is pro-rated, and the payment to Mr M B Dearden is based on the Plan relating to his previous position as Chief Executive of Metallurgical Chemicals.
- This column shows the notional gain before tax made on share options exercised.
- Until detailed guidance is available from the Institute of Actuaries, the figures quoted for pensions are the contributions paid by the company. The 1995 contributions are based on the full future service cost, as advised by actuaries, approximating to 30 per cent of basic salary (1994 costs are stated at the then current cash contribution rate).

A former director received a pension payment of £34,500 (1994, £34,000).

The beneficial interests of directors in the ordinary shares of the company	1995 Numbers	1994 Numbers
Executive directors		
JM Fry	14,920	22,697
MB Dearden	1,726	1,705*
JH Ellicock	11,974	11,998
B Hardy	8,728	8,558
TEP Stevenson	8,600	5,869
Non-executive directors		
LM Urquhart	10,260	10,023
IG Dobbie	2,744	544
PJ Jansen	1,000	-
BE Magnusson	-	-
HS Mellor	631	631

Changes in the beneficial interests of directors in the ordinary shares of the company between 31 December 1995 and 29 March 1996 were:

- Ordinary shares acquired as the result of electing to take scrip in lieu of the 1995 interim dividend were: Mr M B Dearden 5; Mr J H Ellicock 88; Mr B Hardy 98; Mr P J Jansen 11; Mr T E P Stevenson 71; Mr L M Urquhart 115.

- An interest in further ordinary shares acquired through the Burmah Castrol general and single company personal equity plans: Mr M B Dearden 13; Mr J H Ellicock 42; Mr J M Fry 510.

* As at the date of his appointment as a director, on 8 June 1995.

Options over ordinary Burmah Castrol shares	Options held at 31 Dec 95	Average grant price of options held at 31 Dec 95	Options held at 31 Dec 94	Average price of grant	Options lapsed	Options exercised	Average grant price of options exercised	1995 Average market price at price at exercise
JM Fry	243,755	£6.22	210,971	£8.84	-	700	£5.14	£8.80
MB Dearden	85,600	£6.62	66,233	£9.81	-	-	-	-
JH Ellicock	118,750	£7.68	42,472	£9.08	-	700	£5.14	£9.03
B Hardy	142,932	£6.49	84,417	£9.18	-	-	-	-
TEP Stevenson	122,907	£7.88	95,877	£9.37	-	16,483	£5.65	£9.32
LM Urquhart	-	-	46,525	-	-	46,525	£3.61	£9.35

1 Outstanding options are exercisable at various dates up to 8 September 2005.

2 The middle market price of an ordinary share at 31 December 1995 was 934p and the range during the year was 815p to 999p.

3 Four of the directors listed hold options, each with an exercise price of 981p, which is above the year end share price (Mr M B Dearden 19,367; Mr J H Ellicock 19,979; Mr B Hardy 21,712; and Mr T E P Stevenson 24,260).

These have not been included in the weighted average price calculation.

4 The company's register of directors' interests (which is open to inspection in accordance with the Companies Act 1985) contains full details of directors' shareholdings and options to subscribe.

5 Mr L M Urquhart exercised options over 46,525 shares during the year as a consequence of his retirement from executive office and in accordance with a decision of the remuneration committee. In accordance with their decision, those options were exercisable by no later than 16 April 1996.

6 Dr G D T Owen retired as a director on 8 June 1995. At 31 December 1994, he held 121,120 shares under option. During 1995 he exercised options over 64,735 shares. In accordance with a decision of the remuneration committee, his remaining options are exercisable by no later than 20 December 1998.

7 Figures shown for Mr M B Dearden relate to the period since his appointment as a director, on 8 June 1995.

8 All the directors' interests are held beneficially.

→ CORPORATE RESPONSIBILITY

ENVIRONMENT → Burmah Castrol recognises the importance of establishing high standards of environmental performance, and continues to improve its environmental management systems. With a number of group companies actively seeking accreditation under their national standards, Castrol Italy became the first to achieve such recognition – and only the fifth company in Italy to do so.

In 1995, a review of packaging was carried out, with the twin aims of increasing the use of recycled or recyclable components and reducing overall packaging consumption.

In addition to incremental advances in the environmental performance of a wide range of products and processes, a number of new products were introduced which offered significant environmental benefits. In Malaysia, Castrol launched Palmtec, the first two-stroke lubricant to be based on palm oil, an indigenous, renewable resource. Castrol Formula SLX, the world's first 'zero viscosity' lubricant, capable of improving fuel economy by at least three per cent, was launched in Europe, Singapore and South Africa. Fosco Metallurgical Chemicals acquired Praxair's aluminium degassing business, which offers considerable environmental advantages to the industry. Fosroc developed a number of high performance sealant and epoxy bonding products which provide environmental benefits, including Colpor 200PF and Nitobond EP.

HEALTH AND SAFETY → Burmah Castrol encourages its businesses to review their health and safety performance regularly. Such reviews are a key responsibility of line managers, aided by central specialists. The prevention and early recognition of possible occupational-related health effects is also a fundamental business goal.

Burmah Castrol continues to monitor its health and safety performance. The reporting system relating to accident statistics enables management to strengthen its focus on areas where improvements should be made. A number of subsidiaries will be exploring methods of routine safety reviews as a means of enhancing safety awareness in their operations and, as a consequence, improving their performance.

As part of Burmah Castrol's occupational health strategy, programmes have been set up to enable staff to take an active part in looking after their own health. Operating companies are encouraged to take similar initiatives with support from the central specialists; and this year has seen more progress in our overseas units.

→ DIRECTORS' REPORT

The directors of Burmah Castrol plc present their annual report and accounts for the year ended 31 December, 1995.

DIVIDEND → The directors declared a conventional interim dividend for 1995 of 11 pence per £1 ordinary share, which was paid on 5 January, 1996. For 1995, the total cash dividend is 36.25 pence which represents an increase of 11.5 per cent over 1994. This consists of the interim dividend, a final dividend of 11.25 pence per £1 ordinary share, and a foreign income dividend (FID) of 14 pence per £1 ordinary share (comprising a 11.2 pence base-line FID and a 2.8 pence enhancement). The final dividend and the FID, if approved at the annual general meeting, would be payable on 12 July, 1996. The cost of the dividends for the year would therefore be £75.1 million (1994, £65.0 million).

UK legislation prevents shareholders being offered a share alternative to the foreign income dividend, which may be taken only in cash. However, in respect of the conventional final cash dividend, shareholders will be offered the opportunity to elect to receive new ordinary shares instead of all or part of their dividend entitlement.

The surplus for the year to be transferred to reserves amounted to £58.9 million (1994, £72.0 million).

DIRECTORS → Dr G D T Owen retired as a director on 8 June, 1995. Mr M B Dearden was appointed a director on that same date. The directors retiring by

rotation are Mr P J Jansen, Mr T E P Stevenson and Mr B Hardy. Being eligible, they offer themselves for re-election at the annual general meeting. As Mr M B Dearden was appointed a director since the last annual general meeting, he retires in accordance with article 88 of the company's articles of association and, being eligible, also offers himself for re-election. Of the directors being proposed for re-election, Messrs Stevenson, Hardy and Dearden have service contracts, the unexpired portion of which is two years.

SHARE SCHEMES → In 1985, the company established an executive share option scheme for executive directors and other senior executives and a savings-related 'Sharesave' share option scheme for UK employees. The object of such schemes is to enable employees to share in the success of the company through increases in the share price, and to align their interests more closely with those of shareholders. The period for granting options under these schemes expired in 1995 and following shareholder approval at the 1995 annual general meeting, they were replaced with new ten year schemes. The success of the savings-related scheme has continued, with high levels of employee take-up. Similar schemes have been introduced in some overseas companies, although their number has been limited because of local fiscal and legal complications.

Further details of the 1995 executive share option scheme are given in the report of the remuneration committee on pages 24 to 25 of this annual report.

AUDITORS → Ernst & Young have expressed their willingness to continue in office as auditors and, in accordance with Section 385 of the Companies Act 1985, a resolution proposing their re-appointment will be put to shareholders at the annual general meeting.

POLITICAL DONATIONS → Burmah Castrol has no affiliations to any political party or group in any country, and makes no political donations in any country.

UK CHARITABLE DONATIONS → Burmah Castrol donates cash to charities around the world. Donations to charities based in the UK amounted to £212,000 (1994, £195,000), although some of these charities work on overseas projects. Additional monies were given directly to charities based overseas.

PEOPLE → The commitment and skill of employees around the world are key factors in the company's current and future success. This is recognised in Burmah Castrol's human resources strategy – its People Management Plan – whose objective is:

“To create and retain, in adequate numbers, a loyal and highly motivated worldwide staff, equipped with outstanding skills in and knowledge of their business groups and the standard functions of company operations. This will be characterised by a blend of local focus and international orientation, supported by networking and team spirit.”

EQUAL OPPORTUNITIES → As an international business it is in all our interests, and an important element of our company values, to foster a multi-cultural environment in which everyone is treated with equal respect and fairness.

The company wholeheartedly supports the principle of equal opportunities in employment. It opposes all forms of direct or indirect discrimination against, or harassment of, our people on the grounds of gender, marital status, colour, race, nationality, ethnic or national origin, creed or religious conviction. The absence of discrimination in all its forms and the provision of equal opportunities are regarded as essential elements in building a successful international future for Burmah Castrol and all its employees.

As a sound business principle, appointments are made solely on merit and, to this end all decisions, including matters relating to recruitment, selection, training, development and promotion, are based solely on objective and job related criteria which fulfil the present and future needs of the business.

TRAINING AND DEVELOPMENT → Burmah Castrol places great emphasis on training and development for all its staff, from junior employees to directors, and this is reflected in the regular reviews made by directors of the organisational issues arising within their area. These cover such issues as the identification of potential, people development priorities, management shortages or difficulties and succession planning. Findings are

presented to fellow directors, to improve the flow of information about people within the company.

As befits an international company, strong support is given to international staff movement between head offices and operating units, as well as between units in different countries. In recent times, international moves at an early stage in an individual's career have been encouraged, and the number of transfers involving non-UK employees and units has increased significantly.

All employees are encouraged to continue their business and professional education, including part-time study. Staff who follow approved study courses are given assistance by the company, and their achievements are formally recognised. A programme of courses for senior managers, up to and including directors, is organised each year to meet identified development priorities.

Participants are drawn from the company's businesses around the world.

OPEN COMMUNICATION → A key element in the People Management Plan is a belief in open, two-way communication, which is actively promoted at all levels throughout the company. Much of this takes place informally in the normal course of business, but senior managers worldwide are also regularly briefed by the Chief Executive and other directors, in person and on video, on Burmah Castrol's results and objectives. In 1995, a senior executive conference was held in Beijing to describe and debate the company's strategies and policies. The "top down" communication process was

dubbed a great success, but as important was the "bottom up" contribution which has spawned a number of new initiatives.

Unit chief executives in turn are responsible for onward briefing to their own staff, using material provided centrally, adapted to suit the needs of their own units. Extensive use is made of centrally and locally produced bulletins and house journals, while employee surveys are undertaken to gauge staff views and feelings.

PEOPLE WITH DISABILITIES → Employees with disabilities are encouraged to develop their skills to their full potential and, under equal opportunities policies operated within the company, every effort is made to meet their specialist needs. Wherever possible, additional training is arranged to meet the requirements of those who become disabled.

CREST → During the second half of 1996, it is expected that a new settlement system for shares and other securities will be implemented, replacing the existing settlement system. This new computerised system, CREST, is being developed by the Bank of England to modernise the way that sales and purchases of shares on the London Stock Exchange are settled. CREST will be operated by CRESTCo Limited, a private company owned and funded by a range of City institutions and stock market participants. Shareholders will have the choice of holding their shares in electronic form rather than keeping the traditional share certificate.

However, CREST is voluntary and shareholders who wish to keep their share certificates may continue to do so. CRESTCo say this will be a sensible option for shareholders who do not trade frequently.

CREST does not affect the way you receive dividends. Your broker can give you more information about CREST.

NOTIFICATION OF DIRECTORS' RESOLUTION RELATING TO THE CREST SYSTEM → This is to give you notice, in accordance with the Uncertificated Securities Regulations 1995 ("the Regulations"), that, on 29 March 1996, the company resolved by resolutions of its directors that title to the ordinary shares, 6 per cent (now 4.2 per cent plus tax credit) Cumulative First Preference Shares, 6 per cent (now 4.2 per cent plus tax credit) Cumulative Second Preference Shares, 8 per cent (now 5.6 per cent plus tax credit) Cumulative Preference Shares and the 7/4 per cent (now 5.075 per cent plus tax credit) Cumulative Redeemable Preference Shares in the capital of the company, in issue or to be issued, may be issued or transferred by means of the relevant system. These directors' resolutions will become effective immediately prior to CRESTCo Limited granting permission for the shares concerned to be transferred by means of the CREST system.

NOTE → The above notice is the notice that the company is obliged to give to its members, under the Regulations, of the passing of a "directors' resolution"

(as defined in the Regulations) in relation to its ordinary shares and each class of its preference shares. The directors' resolutions will enable those shares to join CREST, in due course. It is likely this will not be earlier than January 1997. The shares have not become transferable by means of the CREST system merely by virtue of the passing of the directors' resolutions; the permission of the operator of the system, CRESTCo Limited, must also be given before the shares can become so transferable.

The effect of the directors' resolution is to disapply, in relation to the ordinary shares and each class of the preference shares, those provisions of the company's articles of association that are inconsistent with the holding and transfer of those shares in CREST and any provision of the Regulations, as and when the shares concerned enter the CREST system.

Shareholders should also note that, under the Regulations, they have the right by ordinary resolution: (a) until the directors' resolution referred to above comes into effect in accordance with its terms, to resolve that it shall not come into effect;

(b) if the directors' resolution referred to above is effective in accordance with its terms but the

permission of the operator of the system, CRESTCo Limited, has not yet been given to the shares concerned becoming transferable by means of the CREST system, to resolve that the directors' resolution shall cease to have effect; and

(c) once the directors' resolution referred to above is

effective in accordance with its terms and the permission of the operator of the system, CRESTCo Limited, has been given to the shares concerned becoming transferable by means of the CREST system, to resolve that the directors of the Company shall take the necessary steps to ensure that title to the shares concerned shall cease to be transferable by means of the CREST system and that the directors' resolution shall cease to have effect.

STATEMENT OF DIRECTORS' RESPONSIBILITIES → The following statement, which should be read in conjunction with the auditors' statement of their responsibilities set out in the report of the auditors on page 33, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that, in preparing the accounts on pages 34 to 57, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

OTHER INFORMATION → (i) The Notice of the annual general meeting to be held at 11.30 a.m. on Friday 17 May 1996 is, for shareholders, enclosed with this annual report. Details of the resolutions to be proposed as special business at the annual general meeting are as follows.

Resolution 8 in the Notice of Meeting proposes a renewal of the directors' authority to allot relevant securities (not exceeding £79,361,722 in nominal value) for a further five years. The nominal amount of relevant securities to which this authority relates, after allowing for conversion rights and the exercise of options, represents approximately 33.3 per cent of the nominal amount of issued ordinary share capital of the company as at 29 March 1996. Except pursuant to the exercise of options and the allotment of shares upon conversion of capital bonds, the directors have no present intention of exercising this authority. Resolution 9 extends for a further year the power of the directors in certain limited

circumstances to allot equity securities (i.e. any shares of the company other than those which have a specific limit on participation in dividends and capital and those allotted pursuant to an employees' share scheme) for cash without first being required to offer such securities to the existing shareholders. The £10,252,408 nominal amount of equity securities to which this authority relates represents approximately five per cent of the issued ordinary share capital of the company as at 29 March 1996. The authority will expire at the earlier of 16 August 1997 and the next annual general meeting.

Resolution 10 renews for a period of five years the authority to the directors to offer to ordinary shareholders the choice of receiving their dividends on ordinary shares in the form of additional fully paid ordinary shares rather than cash. Although the authority sought is for a period of five years, your directors intend to continue seeking renewal of this authority annually.

Resolutions 8 and 10 will be proposed as ordinary resolutions and Resolution 9 as a special resolution. (ii) 991,008 ordinary shares were issued in accordance with the company's share option schemes and a further 388,874 were issued in respect of scrip dividend elections. 552,901 ordinary shares were issued as a result of conversions of the company's convertible capital bond. No other shares or debentures were issued during the year.

(iii) No contracts of significance in relation to the company's business subsisted at 31 December 1995 or at any time during the year in which directors of the

company had a material interest.

(iv) During the year the company maintained liability insurance for its directors and officers as permitted by Section 310(3)(a) of the Companies Act 1985 (as amended).

(v) Details of substantial interests in the company's issued capital are shown on page 58.

(vi) Further information, which forms part of this report, is contained in:

the Chairman's review on page 5;

the Chief Executive's operating review on pages 6 to 16;

the financial review on pages 17 to 19;

the corporate governance section on pages 22 to 27.

By order of the board:

P R S Howie

Company Secretary

George House

50 George Square

Glasgow G2 1RR

29 March 1996



REPORT OF THE AUDITORS TO THE MEMBERS OF BURMAH CASTROL PLC →

We have audited the accounts on pages 34 to 57 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 39. We have also examined the amounts disclosed relating to the emoluments and share option interests of the directors which form part of the report to shareholders by the remuneration committee on pages 23 to 27.

Respective responsibilities of directors and auditors

As described on pages 31 and 32 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.


Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31 December 1995 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young, Registered Auditor, Chartered Accountants, London, 29 March 1996.

REPORT BY THE AUDITORS TO BURMAH CASTROL PLC ON CORPORATE GOVERNANCE MATTERS →

In addition to our audit of the accounts we have reviewed the directors' statement on page 22 on the company's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange. The objective of our review is to draw attention to any non-compliance with those paragraphs of the Code which is not disclosed.

We carried out our review in accordance with Bulletin 1995/1 'Disclosures relating to corporate governance' issued by the Auditing Practices Board, and assessed whether the directors' statements on going concern and internal financial control are consistent with the information of which we are aware from our audit. That Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the company's system of internal financial control or its corporate governance procedures nor on the ability of the company to continue in operational existence.

Opinion

With respect to the directors' statements on internal financial control and going concern on page 22, in our opinion the directors have provided the disclosures required by paragraphs 4.5 and 4.6 of the Code (as supplemented by the related guidance for directors) and such statements are consistent with the information of which we are aware from our audit work on the accounts.

Based on enquiry of certain directors and officers of the company, and examination of relevant documents, in our opinion the directors' statement on page 22 appropriately reflects the company's compliance with the other paragraphs of the Code specified for our review.


Ernst & Young, Chartered Accountants, London, 29 March 1996.

NOTES

2	Turnover net of duties	3,048.5	2,934.4		2,934.4
	- Continuing operations	2,969.0	2,768.8		2,768.8
	- Discontinued operations	79.5	165.6		165.6
2	Cost of sales	1,765.7	1,719.7		1,719.7
	Gross profit	1,282.8	1,214.7		1,214.7
3	Net operating expenses	(1,020.7)	(981.3)	(26.6)	(1,007.9)
5	Income from fixed asset investments	18.6	16.3		16.3
4	Operating profit	280.7	249.7	(26.6)	223.1
	- Continuing operations	276.8	240.7	(17.8)	222.9
	- Discontinued operations	3.9	9.0	(8.8)	0.2
4	Profit on sale of property in continuing operations			50.6	50.6
	Profit on ordinary activities before interest	280.7	249.7	24.0	273.7
6	Interest	(27.7)	(30.2)		(30.2)
	Profit on ordinary activities before taxation	253.0	219.5	24.0	243.5
9	Tax on profit on ordinary activities	(97.8)	(86.6)		(86.6)
	Profit on ordinary activities after taxation	155.2	132.9	24.0	156.9
	Equity minority interests	(20.2)	(18.9)		(18.9)
	Profit for the year attributable to shareholders	135.0	114.0	24.0	138.0
10	Equity and non-equity dividends	(76.1)			(66.0)
24	Retained profit	58.9			72.0
11	Earnings per ordinary share	66.9p	57.3p	12.1p	69.4p

NOTES		GROUP		COMPANY	
		1995	1994	1995	1994
		£ million	£ million	£ million	£ million
	Fixed assets				
12	Intangible assets	22.1	16.9		
13	Tangible assets	625.2	622.4		
14	Investments	327.2	282.3	1,548.4	1,405.4
		974.5	921.6	1,548.4	1,405.4
	Current assets				
16	Stocks	327.9	314.5		
17	Debtors	660.7	623.0	36.8	36.0
18	Investments	227.7	211.1	159.7	150.6
	Cash at bank and in hand	110.3	91.0	1.6	3.3
		1,326.6	1,239.6	198.1	189.9
		880.9	881.8	754.5	506.7
19	Creditors: amounts falling due within one year				
	Net current assets	445.7	357.8	(556.4)	(316.8)
	Total assets less current liabilities	1,420.2	1,279.4	992.0	1,088.6
19	Creditors: amounts falling due after more than one year				
	(including convertible capital bonds)	450.9	412.5		56.0
20	Provisions for liabilities and charges	180.5	172.5		
	Net assets	788.8	694.4	992.0	1,032.6
	Capital and reserves				
23	Called up share capital	220.7	218.8	220.7	218.8
24	Share premium account	59.7	52.9	59.7	52.9
24	Special capital reserve				7.8
24	Revaluation reserve	55.7	60.6		
24	Other reserves			20.2	20.2
24	Profit and loss account	372.0	285.5	691.4	732.9
	Shareholders' funds	708.1	617.8	992.0	1,032.6
	Equity shareholders' funds	688.9	598.6	972.8	1,013.4
	Non-equity shareholders' funds	19.2	19.2	19.2	19.2
	Equity minority interest in subsidiaries	80.7	76.6		
		788.8	694.4	992.0	1,032.6

Approved by the board of directors on 29 March 1996 and signed on their behalf.
L M Urquhart, B Hardy – Directors

Signature Urquhart

Signature Hardy

NOTES		1995		1994	
		£ million		£ million	
25	Net cash inflow from operating activities	309.2		302.9	
	Returns on investment and servicing of finance				
	Interest received	16.7		13.2	
	Interest paid	(45.1)		(44.9)	
	Dividends from associated undertakings	8.5		11.1	
	Dividends paid to shareholders	(62.8)		(2.8)	
	Dividends paid to minorities	(10.6)		(8.5)	
	Net cash outflow from returns on investment and servicing of finance	(93.3)		(31.9)	
	Tax paid	(106.8)		(80.6)	
	Investing activities				
	Payments to acquire intangible fixed assets	(5.5)		(2.5)	
	Payments to acquire tangible fixed assets	(124.5)		(99.1)	
	Purchase of investments	(21.1)		(21.5)	
	Sale of tangible fixed assets	11.9		9.1	
		(139.2)		(114.0)	
	Net cash (outflow)/inflow from ordinary operations	(30.1)		76.4	
	Other investing activities				
15	Payments for acquisitions	(11.0)		(20.7)	
	Payments against acquisition provisions	(6.8)		(7.7)	
15	Sale of businesses	88.5		68.0	
	Exceptional receipt from sale of property	(28.3)		(47.9)	
	Increase in short-term investments	42.4		(8.3)	
	Net cash outflow from investing activities	(96.8)		(122.3)	
	Net cash inflow before financing	12.3		68.1	
	Financing				
	Issue of ordinary share capital	4.8		4.7	
	New borrowings	17.8		7.5	
	Repayment of borrowings	(47.1)		(38.3)	
26	Net cash outflow from financing	(24.5)		(26.1)	
27,28	Net (decrease)/increase in cash and cash equivalents	(12.2)		42.0	

STATEMENT OF GROUP TOTAL RECOGNISED GAINS AND LOSSES [Year ended 31 December 1995]

	1995 £ million	1994 £ million
Profit for the year attributable to shareholders	135.0	138.0
Unrealised gain/(loss) on fixed asset investments	0.2	(0.3)
Deficit on revaluation of property		(40.2)
Currency translation differences on foreign currency net investments	3.4	(10.8)
Total recognised gains and losses for the year	138.6	86.7
Prior year adjustment		(1.5)
Total gains and losses recognised since last annual report	138.6	85.2

GROUP HISTORICAL COST PROFITS AND LOSSES [Year ended 31 December 1995]

	1995 £ million	1994 £ million
Reported profit on ordinary activities before taxation	253.0	243.5
Realisation of revaluation gains of previous years	4.9	7.9
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	1.4	1.8
Historical cost profit on ordinary activities before taxation	259.3	253.2
Historical cost profit for the year retained after taxation, minority interests and dividends	65.2	81.7

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS [Year ended 31 December 1995]

	1995 £ million	1994 £ million
Profit for the year	135.0	138.0
Dividends	(76.1)	(66.0)
Other recognised gains/(losses) relating to the year – net	58.9	72.0
New share capital subscribed	3.6	(51.3)
Elimination of goodwill	8.3	4.7
Write-back of goodwill relating to businesses sold	(7.3)	(8.5)
Dividends taken by way of scrip	23.3	
	3.5	20.5
Net addition to shareholders' funds	90.3	37.4
Opening shareholders' funds	617.8	580.4
Closing shareholders' funds	708.1	617.8

SEGMENTAL ANALYSIS

	TURNOVER		PROFIT BEFORE TAXATION		NET ASSETS	
	1995 £ million	1994 £ million	1995 £ million	1994 £ million	1995 £ million	1994 £ million
Class of Business						
Continuing operations:						
Lubricants	1,909.9	1,763.8	204.3	181.2	597.6	533.9
Chemicals	810.5	766.2	62.4	48.9	272.4	248.2
Fuels	210.2	204.9	11.4	11.7	67.8	60.0
LNG Transportation			5.7	5.5	10.3	7.9
Energy Investments			5.6	4.5	40.2	26.1
Central Management	38.4	33.9	(12.6)	(11.1)	(25.3)	(27.6)
	2,969.0	2,768.8	276.8	240.7	963.0	848.5
	79.5	165.6	3.9	9.0	22.1	74.8
Discontinued operations			280.7	249.7		
Operating profit before exceptional items				24.0		
Exceptional items			(27.7)	(30.2)	(196.3)	(228.9)
Interest						
Net borrowings	3,048.5	2,934.4	253.0	243.5	788.8	694.4
Geographical area (analysed by location of the group's operations)						
Continuing operations:						
United Kingdom (iii)	327.4	320.2	(62.1)	(61.4)	127.6	118.8
Europe (excluding UK)	896.6	801.0	121.9	101.6	258.6	247.1
Africa	79.7	75.3	8.6	7.6	22.4	22.6
The Americas	848.1	838.9	81.9	80.9	232.8	194.5
Asia	541.5	467.7	106.7	90.5	222.2	169.9
Australasia	275.7	265.7	19.8	21.5	99.4	95.6
	2,969.0	2,768.8	276.8	240.7	963.0	848.5
	79.5	165.6	3.9	9.0	22.1	74.8
Discontinued operations						
Operating profit before exceptional items			280.7	249.7		
Exceptional items			(27.7)	(30.2)	(196.3)	(228.9)
Interest						
Net borrowings	3,048.5	2,934.4	253.0	243.5	788.8	694.4
(i) Analysis of turnover by location of the group's markets is:						
					1995 £ million	1994 £ million
United Kingdom					330.9	404.0
Europe (excluding UK)					925.4	823.1
Africa					86.7	83.9
The Americas					839.2	838.0
Asia					589.8	519.4
Australasia					276.5	266.0
					3,048.5	2,934.4

(ii) There are no material amounts of intra-segment sales.

(iii) Profit before taxation attributable to the United Kingdom is after charging central and divisional management costs and research and development expenditure.

BASIS OF CONSOLIDATION → (a) The consolidated accounts include the accounts of the parent undertaking and its subsidiary undertakings made up to 31 December. Companies over which the group is able to exercise a dominant influence, defined as the right to give directions with respect to operating and financial policies, are consolidated as subsidiary undertakings. Adjustments are made on consolidation to bring the accounts of subsidiary undertakings, where local conditions prevent them from complying fully with group accounting policies, into line with these policies.

(b) The accounts are prepared in accordance with applicable accounting standards under the historical cost convention modified to include the revaluation of certain listed investments and certain land and buildings.

(c) The results of subsidiary and associated undertakings operating in hyperinflationary economies are adjusted, prior to consolidation, to take account of the effects of inflation.

(d) The results of subsidiary undertakings acquired are dealt with from the date of acquisition.

(e) The results of subsidiary undertakings disposed of are dealt with up to the date of sale. The profit or loss arising on such sales represents the difference between the proceeds and the cost of the investment plus undistributed post-acquisition reserves of the subsidiary undertaking dealt with in the group accounts.

TRANSLATION OF FOREIGN CURRENCIES → (a) Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling on 31 December except where rates of exchange are fixed under contractual arrangements.

Trading results of overseas subsidiary and associated undertakings are translated into sterling at average rates of exchange for the year.

(b) Exchange gains and losses in respect of the following are dealt with as a movement in reserves:

- Net assets of overseas subsidiary and associated undertakings;
 - Foreign currency borrowings to the extent that they provide a hedge against investments, including premiums on acquisitions, in overseas and associated undertakings;
 - The retained earnings of overseas subsidiary and associated undertakings translated at average and closing rates of exchange.
- All other exchange differences are dealt with in the profit and loss account.

GOODWILL → Goodwill representing the difference between the aggregate of the fair value of the separable net assets of a subsidiary or associated undertaking at the date of acquisition

and the consideration paid is eliminated from the accounts immediately on acquisition by a charge against reserves.

INTANGIBLE FIXED ASSETS → (a) Patents, trade marks etc. are stated at cost and are amortised over the period for which they are expected to provide a benefit.

(b) Oil and gas exploration expenditure is capitalised and is amortised by the unit of production method based upon the amount of the estimated recoverable reserves of oil and gas.

TANGIBLE FIXED ASSETS → Tangible fixed assets are stated at cost or valuation which may include interest costs accruing over the period from initial expenditure to completion of material capital projects. Except for freehold land where the value is separately ascertainable and assets in the course of construction, upon which no depreciation is charged, depreciation is calculated so as to write down the assets to their estimated realisable value by equal annual instalments over their useful lives at the following rates:

Freehold buildings at rates varying between 2% and 10%.
Leasehold properties over period of lease with a maximum of 50 years.

Plant at rates varying between 5% and 33 1/3%.

Fixtures and fittings at rates varying between 5% and 30%.

Motor vehicles at rates varying between 14% and 33 1/3%.

FIXED ASSET INVESTMENTS → The group's share of profits less losses is included, where material, in respect of associated undertakings. An associated undertaking is one in which the group owns at least 20% of the voting rights and, in the opinion of the directors, can exercise a significant influence on its management. Such investments are stated at the group's share of the underlying net assets extracted from the relevant accounts, adjusted as appropriate to conform with group accounting policies. Investments in other participating interests and other investments are dealt with as follows:

- Listed investments are revalued based on market values at 31 December and the movements resulting therefrom are adjusted through reserves;
- Unlisted investments are stated at cost less amounts provided. Investments in the shares of subsidiary undertakings are stated at cost less amounts provided.

(c) Own shares, which are held by the Burmah Castrol executive share option scheme trust ('ESOT') and which have not yet vested unconditionally with employees, are stated at cost less amounts provided ('book value'). Where shares have been conditionally gifted or put under option to employees at below book value, the difference is charged as an administrative expense over the period of service of the employees, in respect

of which the gifts or options are granted. Administrative expenses of the ESOT are included in the consolidated profit and loss account.

LEASES → The cost of assets held under finance leases is included within tangible fixed assets and depreciation is provided in accordance with the group's normal depreciation policy. The capital element of future lease rentals is included in creditors. Rental payments in respect of operating leases are charged to profit and loss account on a straight line basis over the lease term.

STOCK VALUATION → Stocks are stated at the lower of cost and net realisable value. Cost, which in certain cases refers to average cost, includes production overheads in addition to direct materials and labour.

TURNOVER → Turnover consists of the amounts invoiced for goods supplied and services provided to external customers excluding value added tax and other sales taxes.

RESEARCH AND DEVELOPMENT EXPENDITURE →

Expenditure on research and development is written off as incurred.

PENSIONS AND OTHER POST RETIREMENT BENEFITS →

The regular cost of pensions in respect of the group's defined benefit pension schemes is charged to profit and loss account so as to apportion such cost over the service lives of employees in the schemes. Variations from the regular cost are apportioned over the expected remaining service lives of current employees in the schemes commencing in the year after the variation arises. The estimated regular cost of providing benefits in respect of post retirement health care is charged against profits on a systematic basis over periods benefiting from employees' service within the group. Deferred tax has been recognised on these benefits.

DEFERRED TAXATION → Provision is made, using the liability method, for deferred taxation where it is considered that the liability will become payable in the foreseeable future. The provision comprises tax on capital allowances which are in excess of the equivalent charge for depreciation and amortisation, relief for increases in stock values and other timing differences.

Advance corporation tax is written off to the extent that it is not recoverable in the immediate and foreseeable future. Amounts written off may be available for offset against UK tax liabilities in future years and any such amounts are credited to taxation in the profit and loss account in those years.

1	Exchange rates The main exchange rates against sterling used in these accounts are: US dollar – average – closing Deutsche mark – average – closing	1995	1994	
		1.58 1.55 2.26 2.22	1.53 1.56 2.49 2.42	
2	Analysis of profit and loss account	1995	1994	
		Continuing £ million	Discontinued £ million	Total £ million
	Invoiced value of sales to external customers	3,361.5	281.2	3,642.7
	Duties, taxes and other imposts	(392.5)	(201.7)	(594.2)
	Turnover net of duties	2,969.0	79.5	3,048.5
	Cost of sales	1,704.1	61.6	1,765.7
	Net operating expenses:			
	Distribution costs	678.4	12.0	690.4
	Administrative expenses	326.7	3.6	330.3
		1,005.1	15.6	1,020.7
	Net operating expenses are analysed as:			
	– normal	1,005.1	15.6	1,020.7
	– exceptional			
	Income from fixed asset investments	17.0	1.6	18.6
	Acquisitions during 1995 have not materially affected turnover and operating profit for the year.			
3	Operating profit Operating profit is stated after charging: Depreciation Research and development expenditure Operating lease rentals: – plant & machinery – other assets Auditors' remuneration	1995 £ million	1994 £ million	
		72.3 47.4	73.0 42.3	
		8.9 10.8	7.2 9.3	
		2.8	2.7	
	Remuneration of the group auditors in 1995 for work carried out other than in their capacity as auditors amounted to £1.2million (1994, £1.8 million), of which £0.5 million (1994, £0.5 million) relates to the United Kingdom.			

4	1994 Exceptional items			
	(a) 1994 Operating profit. An independent review of the value of the group's land and buildings was carried out as at 31 December 1994. The amount by which individual properties have suffered a permanent diminution in value, totalling £26.6 million, has been charged to the profit and loss account as an exceptional item in 1994.			
	(b) 1994 Sale of property. An administration and operational site occupied by Castrol Singapore was sold in September 1994 for approximately £68 million. The sale necessitates a transfer of Castrol Singapore's operation to new premises in Singapore. The profit on sale of £50.6 million takes into account an estimate of the costs involved in the transfer.			
5	Income from fixed asset investments	1995 £ million	1994 £ million	
	Income from interests in associated undertakings	16.7	14.5	
	Income from other participating interests	0.1	0.2	
	Income from other fixed asset investments	1.8	1.6	
		18.6	16.3	
	Income from other investments includes £0.2 million (1994, £0.2 million) in respect of listed investments.			
6	Interest	1995 £ million	1994 £ million	
	Interest payable and similar charges:			
	Bank advances and loans repayable within five years	25.3	23.5	
	All other loans	17.3	18.2	
	Other charges	2.3	1.7	
		44.9	43.4	
	Interest receivable on current asset investments	(17.2)	(13.2)	
		27.7	30.2	
7	Employees	1995 £ million	1994 £ million	
	(a) Employee costs:			
	The aggregate amount of emoluments paid to employees, including directors:			
	Wages and salaries	431.3	412.0	
	Social security costs	59.1	53.1	
	Pension and other post retirement benefit costs	35.3	33.5	
		525.7	498.6	

7	Employees (continued)	1995	1994
	(b) Average number of persons employed by the group during the year, including part-time employees:	Numbers	Numbers
	Lubricants	10,342	10,155
	Chemicals	8,755	9,074
	Fuels	342	488
	Energy Investments	1,862	1,822
	Central Management	323	327
		21,624	21,866
8	Directors		
	Details of the remuneration of directors and their interests in shares are given in the report of the remuneration committee, on pages 23 to 27. The information on pages 26 and 27 has been examined by Ernst & Young.		
9	Taxation	1995	1994
		£ million	£ million
	The charge based on the results for the year comprises:		
	UK corporation tax at 33%	38.4	41.1
	Relief for overseas taxation	(23.1)	(22.2)
		15.3	18.9
	Advance corporation tax	(1.9)	(11.3)
	Overseas taxation	87.1	80.9
		100.5	88.5
	Prior year adjustments	(2.7)	(1.9)
		97.8	86.6
	The total charge includes	4.1	4.1
	(a) Taxation applicable to income from investments in associated undertakings		
	(b) Deferred taxation comprising	2.0	0.1
	UK corporation tax	0.3	(5.3)
	Overseas taxation	2.3	(5.2)
	The total charge does not include potential deferred taxation comprising:		
	Accelerated capital allowances	3.7	3.6
	Stock relief – overseas	(1.6)	(0.1)
	Other timing differences	(0.3)	(0.3)
		2.1	3.2

10	Dividends	1995 £ million	1994 £ million
	Preference dividends on non-equity shares		
	Ordinary dividends on equity shares:		
	Interim of 11.0p per £1 ordinary share (1994, 10.0p)	22.1	20.0
	Proposed final of 11.25p per £1 ordinary share (1994, 10.0p) plus foreign income dividend of 14.0p (1994, 12.5p)	53.0	45.0
		76.1	66.0

11	Earnings per ordinary share	1995 £ million	1994 £ million
	Net basis earnings per ordinary share is calculated as follows:		
	Profit for the year attributable to shareholders, net of preference share dividend	£134.0m	£137.0m
	Weighted average number of ordinary shares in issue	200.4m	197.3m
	Earnings per ordinary share	66.9p	69.4p

Full conversion of the capital bonds and exercise of outstanding share options would not give rise to any significant dilution of earnings. Earnings per ordinary share on a nil distribution basis are 65.9p (1994, 63.7p).

12	Intangible fixed assets	Patents, trade marks, etc. £ million	Oil and gas exploration expenditure £ million	total £ million
	Cost:			
	At 1 January 1995	8.2	17.0	25.2
	Exchange adjustments	0.1	0.5	0.6
	Capital expenditure	0.5	5.9	6.4
	Disposals and other adjustments	(1.7)		(1.7)
	At 31 December 1995	7.1	23.4	30.5
	Amortisation:			
	At 1 January 1995	3.4	4.9	8.3
	Exchange adjustments	0.1	(0.5)	(0.4)
	Charge for the year	0.7	0.2	0.9
	Disposals and other adjustments	(0.4)		(0.4)
	At 31 December 1995	3.8	4.6	8.4
	Net per group balance sheet:			
	At 31 December 1995	3.3	18.8	22.1
	At 31 December 1994	4.8	12.1	16.9

13 Tangible fixed assets

	Land and buildings £ million	Plant, machinery and vehicles £ million	Fixtures and fittings £ million	Payments on account and assets in course of construction £ million	Total £ million
Cost or valuation:					
At 1 January 1995	335.3	518.0	160.3	30.0	1,043.6
Exchange adjustments	2.4	3.6	3.7	(1.7)	8.0
Capital expenditure	11.2	44.8	19.9	54.2	130.1
Reclassification	9.1	11.4	4.1	(24.6)	
Disposals and other adjustments	(36.9)	(38.4)	(31.0)	(0.1)	(106.4)
At 31 December 1995	321.1	539.4	157.0	57.8	1,075.3
Depreciation and amortisation:					
At 1 January 1995	4.9	318.8	97.5		421.2
Exchange adjustments	(0.4)	2.2	2.5		4.3
Reclassification	0.1	0.4	(0.5)		
Charge for the year	9.2	43.6	18.6		71.4
Disposals and other adjustments	(0.7)	(27.5)	(18.6)		(46.8)
At 31 December 1995	13.1	337.5	99.5		450.1
Net per group balance sheet:					
At 31 December 1995	308.0	201.9	57.5	57.8	625.2
At 31 December 1994	330.4	199.2	62.8	30.0	622.4
(a) Land and buildings (net) include freehold properties £279.8 million (1994, £294.4 million) and leasehold properties with an unexpired life of not less than 50 years £11.0 million (1994, £28.6 million).					
(b) The cost or valuation of the group's land and buildings at 31 December 1995 is:					
		Cost or valuation £ million	Accumulated depreciation £ million	Net book amounts £ million	
Cost		69.4	(5.6)	63.8	
Valuation 1994		251.7	(7.5)	244.2	
		321.1	(13.1)	308.0	

(c) If properties had not been revalued, total land and buildings would have been included at the following amounts: cost £307.1 million (1994, £347.3 million), depreciation £63.7 million (1994, £86.2 million) and net book amount £243.4 million (1994, £261.1 million).

(d) Assets in the course of construction and freehold land amounting to £159.8 million (1994, £149.2 million) are not subject to depreciation.

(e) The net book value of tangible fixed assets includes £5.9 million (1994, £5.3 million) in respect of assets held under finance leases, on which depreciation for the year amounted to £0.8 million (1994, £0.9 million).

14	Fixed asset investments	Subsidiary undertakings				Other investments	Own shares	Total	
		Shares £ million note (a)	Loans £ million	Associated undertakings £ million note (b)	Other partici- pating interests £ million note (c)	£ million note (d)	£ million note (e)	£ million	
	Group								
	Cost or valuation:								
	At 1 January 1995			39.0	0.6	308.7		348.3	
	Exchange adjustments			4.7		21.1		25.8	
	Additions			(0.9)	(0.1)	96.1	4.9	101.0	
	Disposals and other adjustments					(70.2)		(71.2)	
	Adjustments to market value					0.2		0.2	
	Share of undistributed reserves			4.3				4.3	
	At 31 December 1995			47.1	0.5	355.9	4.9	408.4	
	Amounts provided:								
	At 1 January 1995				0.3	65.7		66.0	
	Exchange adjustments					4.6		4.6	
	Amounts provided during year					14.5	0.1	14.6	
	Other adjustments					(4.0)		(4.0)	
	At 31 December 1995				0.3	80.8	0.1	81.2	
	Net per group balance sheet:								
	At 31 December 1995			47.1	0.2	275.1	4.8	327.2	
	At 31 December 1994			39.0	0.3	243.0		282.3	
	Company								
	Cost or valuation:								
	At 1 January 1995	697.1	706.1	2.2				1,405.4	
	Exchange adjustments		0.7					0.7	
	Additions	3.4	413.4	44.3			4.9	466.0	
	Disposals and other adjustments	(4.6)	(319.0)				(0.1)	(323.7)	
	At 31 December 1995	695.9	801.2	46.5			4.8	1,548.4	
	(a) Shares in subsidiary undertakings are stated at cost £764.6 million (1994, £69.6 million) less amounts provided £68.7 million (1994, £69.6 million)								
		GROUP			COMPANY				
					1995	1994	1995	1994	
					£ million	£ million	£ million	£ million	
	(b) Associated undertakings at net book amount:								
	Unlisted shares at cost				46.8	47.8	46.5	2.2	
	Share of reserves				0.3	(8.8)			
					47.1	39.0	46.5	2.2	

14 Fixed asset investments (continued)

Associated undertakings include the group's investment in companies involved in liquefied natural gas (LNG) transportation operations comprising a 50 per cent interest in three associated undertakings (two of which are owned directly by Burmah Castrol plc) and their subsidiaries.

These companies have contractual commitments in respect of in-charters of eight LNG carriers extending up to the years 2002/2004 at annual rates approximating to US \$10 million for each of the eight vessels, but with reducing amounts for three of the vessels over the last four years of the period. Under an agreement with Mitsui OSK Lines the project is operated under joint ownership and the co-owners have counter indemnified Burmah Castrol as to 50 per cent of the various performance and financial guarantees given in connection with the LNG commitments.

The vessels have each been dedicated for periods of 20 years (to dates between 1996 and 2000) to a transportation agreement with Pertamina for the carriage of LNG from Indonesia principally to Japan (the "Pertamina Transportation Agreement"). In 1995, Pertamina extended the Pertamina Transportation Agreement with respect to six of the LNG carriers to 31 December 1999. Also in 1995, the associated undertakings secured a new agreement with Pertamina (the "New Agreement") which provides for employment of six of the vessels from the year 2000 to 2010. Additional contractual commitments provide the associated undertakings with the right to lease until at least 2010 or purchase six of the vessels to match the obligations under the New Agreement. No contract of employment exists for approximately the last five years of the in-charter of the two vessels not subject to the New Agreement but Pertamina has the option, in respect of one of the vessels, to extend the Pertamina Transportation Agreement for a further three years. The associated undertakings intend to pursue opportunities for the employment for such five year period of the vessel which is not subject to an extension of the Pertamina Transportation Agreement and also of the other vessel, if Pertamina does not exercise its extension option. However, no assurance can be given that any such employment will be found. The charter costs in respect of the two vessels over these last five years amount to approximately US \$86 million, of which the group's share is approximately US \$43 million. Even if no employment were found for these two vessels, the group expects that a portion of the charter costs would be covered by profits from the six vessels subject to the New Agreement. Both the guaranteed minimum freight revenue receivable under the Pertamina Transportation Agreement and the revenue receivable under the New Agreement are calculated to provide over the period of each such agreement for the recovery of operating costs, including future inflation, together with a fixed contribution to cover charter commitments and variable overhead costs. The future profitability of the project could be progressively diminished by the effect of inflation on such variable overhead costs. Undertakings involved in the LNG transportation operations are insured in respect of their liabilities as time charterers against damage to the vessels to cover their agreed value, and also have insurance cover against third party liabilities.

(c) Other participating interests are unlisted and are stated at cost less amounts provided.

(d) Other investments at net book amount:

Listed overseas at market value (note (f))

Unlisted at cost less amounts provided

Trade advances and similar arrangements at cost less amounts provided

	1995	1994
	£ million	£ million
	3.1	3.5
	17.7	17.9
	254.3	221.6
	275.1	243.0

(e) Own shares:

The Employee Share Ownership Trust (ESOT) was established in September 1995 in order to provide for the future obligations of the group in respect of shares awarded under the Burmah Castrol executive share option scheme, which was approved by the shareholders at the AGM in May 1995. A total of 492,898 £1 ordinary shares were purchased by the trustee of the ESOT (Midland Bank Trustees (Guernsey) Limited) in the open market and all such shares are currently the subject of options granted to directors and employees. Dividends receivable on the shares owned by the ESOT have been waived. The ESOT is financed by an interest free loan from Burmah Castrol plc. The market value of the ordinary shares, which were listed in the UK at 31 December 1995, was £4.6 million.

(f) Investments in overseas listed companies are included at market value. The comparable cost and net book amounts on an historical cost basis are £3.1 million (1994, £3.7 million)

(g) The shareholdings in principal associated undertakings are:

	GROUP SHARE	ISSUED SHARE CAPITAL
		£ million
Burmah LNG Shipping Inc.	50.0%	—
Burmah MOL Transport Ltd	50.0%	—
Combustibles Maritimos SA (note 31a)	50.0%	4.8
SLIL - Sociedade Gestora de Participações Sociais Lda	50.0%	0.2
Turcas Petrolçilik AS (note 31a)	46.2%	6.0

17	Debtors	Amounts falling due within one year				Amounts falling due after more than one year			
		1995	1994	1995	1994	1995	1994	1995	1994
		£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
	Trade debtors								
	Amounts owed by subsidiary undertakings								
	Amounts owed by undertakings in which the group has a participating interest	1.1	0.7	4.5	8.6	0.4	0.7	20.1	18.2
	Prepayments and accrued income	39.5	38.4	24.3	20.5	15.6	16.5		
	Other debtors	66.2	52.5						
		629.5	590.8	31.2	32.2	16.7	17.8	20.1	18.2

18	Current asset investments	GROUP		COMPANY	
		1995 £ million	1994 £ million	1995 £ million	1994 £ million
	Investments listed overseas at market value	0.1	0.1		
	Unlisted investments	21.4	31.0		
	Short-term deposits	206.2	180.0	159.7	150.6
		227.7	211.1	159.7	150.6

The amount of cost and net book value of listed investments on an historical cost basis is £0.5 million (1994, £0.3 million).

19	Creditors	GROUP		COMPANY	
		Amounts falling due within one year 1995 £ million	Amounts falling due after more than one year 1994 £ million	Amounts falling due within one year 1995 £ million	Amounts falling due after more than one year 1994 £ million
	Convertible capital bonds (note (a))		52.6	56.0	56.0
	Debentures 1996 (note (h))		83.7	64.4	
	Bank loans and overdrafts	110.8	115.2		
	Other loans wholly repayable within five years	66.7	83.6		
	Other loans		99.7	100.9	
	Obligations to banks under trade loan guarantees	20.8	7.8	79.2	67.7
	Bills discounted with recourse	6.4	6.8		
	Payments received on account	1.3	1.1	0.1	
	Trade creditors	312.5	343.8	0.1	
	Amounts owed to subsidiary undertakings			591.2	420.8
	Amounts owed to undertakings in which the group has a participating interest	1.3	0.9		
	Taxation and social security	103.7	89.2	0.6	0.3
	Dividends	74.2	64.3		
	Other creditors	64.5	57.9	11.5	9.7
	Accruals and deferred income	118.7	111.2	2.6	2.5
		880.9	881.8	450.9	412.5
				754.5	506.7
					56.0

(a) The 9.5 per cent convertible capital bonds due 2006 (the "capital bonds") are issued by Burnmah Castrol Capital (Jersey) Limited (the "issuer"), a wholly owned subsidiary undertaking of Burnmah Castrol plc. The capital bonds are convertible into 2 per cent exchangeable redeemable preference shares in the issuer, guaranteed on a subordinated basis by the company and may be either redeemed or exchanged for ordinary shares in the company. During 1995, £3.4 million of the capital bonds were converted into 552,901 ordinary shares in Burnmah Castrol plc.

The capital bonds are convertible at any time prior to the maturity date of 20 June 2006 and are redeemable at their paid-up value or exchangeable for ordinary shares in the company at the prescribed price of 620 pence. Full conversion and exchange as at 31 December 1995 would require the issue of 8,479,357 ordinary shares of £1 each (see also note 31(b)).

The issuer is, in certain circumstances, entitled to require conversion from 20 June 1996, and from 20 June 1999 the issuer may exercise a call option at 100 per cent. There are no put options whereby bondholders can require redemption.

19 Creditors (continued)		1995	1994
(b) Analysis of bank loans, overdrafts and other loans of the group:		£ million	£ million
Sterling		10.6	7.0
U.S. dollar:			
Commercial paper		58.4	71.8
7.25% medium-term notes due 2002		96.0	95.2
7% medium term notes due 1997 (note (e))		113.7	104.4
Industrial bonds		2.9	3.5
Other		15.9	17.6
Other currencies		184.2	175.5
		481.7	475.0
Of which secured (note (f))		30.8	21.9
(c) Long-term bank and other loans of the group as at 31 December 1995 are repayable as follows:			
	Bank loans £ million	Other borrowings £ million	Total £ million
Between one and two years	7.8	120.5	128.3
Between two and five years	70.4	1.4	71.8
Beyond five years	5.5	151.2	156.7
	83.7	273.1	356.8
(d) Obligations to banks under trade loan guarantees as at 31 December 1995 are repayable as follows:			
	£ million		
Within one year	20.8		
Between one and two years	18.9		
Between two and five years	55.2		
Beyond five years	5.1		
	100.0		

(e) The proceeds of this issue have been subject to a cross-currency swap into Deutsche marks at fixed rates of interest.

(f) Secured borrowings are in overseas subsidiary undertakings and are secured by charges on specific or general assets of those subsidiary undertakings.

(g) Bank and other loans repayable wholly or partly later than five years from 31 December 1995 are subject to varying terms of repayment and, with the exception of the 9.5 per cent convertible capital bonds and 7.25 per cent medium term notes due 2002, are subject to interest rates fluctuating in line with market rates.

(h) Debentures 1996 of the company are beneficially held by a subsidiary undertaking.

20	Provisions for liabilities and charges					Total £ million
		Pensions and unfunded retirement benefits, etc. £ million	Deferred taxation £ million	Provisions on acquisitions £ million	Other provisions £ million	
	At 1 January 1995	88.8	11.0	26.0	46.7	172.5
	Exchange adjustments	3.9	0.4	0.3	2.8	7.4
	Provisions made/(released)	14.6		(0.8)	4.3	18.1
	Provisions utilised	(8.0)		(6.8)	(4.4)	(19.2)
	Other movements	0.1	1.0		0.6	1.7
		99.4	12.4	18.7	50.0	180.5
	At 31 December 1995					
	At 31 December 1995, the company had a deferred tax asset of £6.0 million (1994, £4.6 million) which has been included in other debtors.					
21	Deferred taxation					
	Deferred taxation provided at 31 December 1995 is in respect of:					
	Accelerated capital allowances				12.2	14.3
	Stock relief – overseas				0.2	0.6
	Other timing differences				6.2	1.1
	Advance corporation tax recoverable				(6.2)	(5.0)
					12.4	11.0
	There is a potential liability in respect of deferred taxation not considered to be payable in the foreseeable future and, therefore, not provided for in these accounts in respect of:					
	Accelerated capital allowances				11.8	7.6
	Stock relief – overseas				0.1	0.1
	Other timing differences				(2.1)	(0.5)
					9.8	7.2

(a) Further potential liabilities may exist in relation to unrealised surpluses on revaluations. Such liabilities cannot be accurately quantified due to the incidence of indexation and other reliefs which might be available at the time of realisation.

(b) Taxation losses are being carried forward in a number of subsidiary undertakings, for which no deferred tax asset is being recognised. The precise amounts of these losses have not yet been fully agreed with the local fiscal authorities.

22 Pensions and other post retirement benefits

The group operates a number of pension schemes throughout the world. The major schemes are of the defined benefit type and, with the exception of the scheme in Germany, their assets are held in separate trustee administered funds.

A full triennial valuation of the group's main UK scheme, which covers the majority of UK employees, was undertaken by Bacon and Woodrow, qualified independent actuaries, as at 1 April 1995 using the projected unit credit method. The assumptions having the most significant effect on the results of the valuation relate to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 9% per annum, that salary increases would average 6.5 per cent per annum plus promotional increases, that price inflation would average 4.5 per cent per annum and that present and future pensions would increase at 5 per cent per annum or the rate of inflation, whichever is the lower. The actuarial value of assets was £457 million, sufficient to cover 107 per cent of the benefits that had accrued to members, after allowing for expected future increases in pensionable remuneration. The market value of the scheme's assets as at the date of review was £459 million.

22

Pensions and other post retirement benefits (continued)

The actuarial surplus of £28 million at the valuation date resulted from the stronger than expected growth in UK dividends over the previous year and an increase in the future UK dividend growth assumption from 4.25 per cent to 4.5 per cent for asset valuation purposes. With the prospect of the Minimum Funding Requirement to be introduced by the Pensions Act 1995, it is not currently intended to amortise this surplus for funding purposes.

The group's major overseas schemes have been assessed by qualified independent actuaries. The actuarial value of the assets compared with the benefits that had accrued to members, is generally sufficient to meet obligations. A provision of £73 million (1994, £65 million) being the excess of accumulated pension costs over the amounts funded by included in provisions for liabilities and charges. The major part of this provision relates to the unfunded scheme in Germany.

Actuarial surpluses and deficits are being spread over the average remaining service lives of current employees. The principal actuarial assumptions are that medical benefit inflation will be in a range from 13 per cent, reducing over time to 5 per cent per annum. Discount rates of 8 per cent to 9 per cent have been applied to obligations.

23

Share capital

Allotted and fully paid:

Non-equity:

	1995 £ million	1994 £ million
6% (now 4.2% plus tax credit) cumulative first preference shares of £1 each	0.2	0.2
8% (now 4.2% plus tax credit) cumulative second preference shares of £1 each	0.8	0.8
7¼% (now 5.6% plus tax credit) cumulative preference shares of £1 each	3.0	3.0
7¼% (now 5.075% plus tax credit) cumulative redeemable preference shares of £1 each	15.0	15.0

Equity:

Ordinary shares of £1 each (note (c))	19.0	19.0
Called up share capital		
Unissued:		
Ordinary shares of £1 each	201.7	199.8
Authorised share capital (note (f))	220.7	218.8

(a) Preference share dividends are payable half yearly in arrears on 30 April and 31 October. Dividend rights are cumulative. On a winding up of the company, the preference shareholders have a right to receive in preference to payments to ordinary shareholders, £1 per share plus any accrued dividends. Holders of 6% (now 4.2% plus tax credit) cumulative redeemable preference shares are entitled to attend and vote at meetings. Holders of 8% (now 5.6% plus tax credit) cumulative preference shares and 7¼% (now 5.075% plus tax credit) cumulative redeemable preference shares are not so entitled.

(b) The company has the power to redeem the 7¼% (now 5.075% plus tax credit) cumulative redeemable preference shares at par plus a premium of the amount per share equal to the excess over par of the average stock exchange quotation (less a sum equal to the accrual of the fixed dividend after tax) during the period of six months dating from 30 days before the date on which the company gives notice of redemption.

(c) The following numbers of ordinary shares were issued during the year:

(i) 388,874 issued at nominal value in respect of share alternatives to dividends declared during the year ended 31 December 1995.

(ii) 552,901 as a result of the exercise of share options under the terms of the company's share option schemes for an aggregate consideration of £4,888,289.

(iii) 552,901 as a result of the exercise of share alternatives to dividends declared during the year ended 31 December 1995.

(d) At 31 December 1995, the number of outstanding options to subscribe for ordinary shares of £1 each, granted under the terms of the Burmah Castrol ShareSave scheme and executive share option schemes, was 2,512,550 and 3,423,891 respectively. Options are exercisable on various dates, at prices ranging from 406p to 981p per share.

(e) Further shares may be issued as a result of conversion of capital bonds issued by Burmah Castrol Capital (Jersey) Limited (See note 19(a)).

(f) The approval to increase the authorised share capital to £299.5 million was given by shareholders at the 1994 Annual General Meeting, held on 19 May 1995.

24	Reserves	Share premium £ million	Special capital reserve £ million	Revaluation reserve £ million	Other reserves £ million	Profit and loss account £ million
	Group					
	At 1 January 1995	52.9		60.6		285.5
	Adjustment on currency realignments			1.2	1.4	0.8
	Premium on ordinary shares issued during the year	6.8		0.2		
	Increase in the value of listed investments					23.3
	Goodwill written back on businesses sold					(7.3)
	Elimination of goodwill					3.5
	Dividends taken by way of scrip					(0.4)
	Shares issued in lieu of dividends					58.9
	Retained profit for the year			(6.3)	(1.4)	7.7
	Transfers to profit and loss account					
	At 31 December 1995	59.7		55.7		372.0
	Company					
	At 1 January 1995	52.9	7.8		20.2	732.9
	Adjustment on currency realignments					(2.0)
	Premium on ordinary shares issued during the year	6.8				
	Dividends taken by way of scrip					3.5
	Shares issued in lieu of dividends					(0.4)
	Loss for the year after dividends		(7.8)			(50.4)
	Transfers to profit and loss account					7.8
	At 31 December 1995	59.7			20.2	691.4

(a) The special capital reserve in the balance sheet of the company is not distributable except to the extent of any amounts of share capital and share premium arising subsequent to the establishment of the reserve. During 1995, share capital and share premium have increased by amounts totalling £8.7 million (1994, £8.3 million) and therefore the remainder of the special capital reserve of £7.8 million has been released and credited to the profit and loss account reserve.

(b) The cumulative amount eliminated from reserves in respect of goodwill arising on the acquisition of undertakings still in the group at 31 December 1995 amounts to £382.2 million (1994, £398.2 million).

(c) The net amount of exchange losses on foreign currency borrowings offset in the currency realignments for the group is £4.0 million (1994, £5.5 million) and for the company is £1.7 million (1994, £5.6 million).

(d) The availability for distribution of a part of the reserves of certain overseas subsidiary undertakings is at present subject to exchange control and other restrictions.

(e) Provision has not been made in respect of taxation which might arise if certain overseas subsidiary undertakings were to distribute their reserves.

(f) The company is exempt from presenting a profit and loss account by virtue of Section 230 of the Companies Act 1985. The company's profit attributable to shareholders is £25.7 million (1994, £28.0 million).

25 Reconciliation of operating profit to net cash inflow from operating activities

	1995 £ million	1994 £ million
Operating profit – continuing operations	276.8	222.9
Exceptional items		17.8
Depreciation charges	70.1	68.2
Share of profits from associated undertakings	(15.4)	(13.3)
Cash inflow/(outflow) arising from changes in working capital:		
Stocks	(25.4)	(21.2)
Debtors	(38.8)	(77.0)
Creditors	16.0	57.8
Non-cash items included in operating profit	37.2	42.4
Net cash inflow from continuing operations	320.5	297.6
Net cash flows from discontinued operations	(11.3)	5.3
Net cash inflow from operating activities	309.2	302.9

26 Analysis of changes in financing

	1995 £ million	1994 £ million
Balance at 1 January		
Cash inflow from financing:		
New borrowings	18.3	7.5
Repayment of borrowings	(45.9)	(38.3)
	(27.6)	(30.8)
Shares issued for cash	4.8	4.7
Shares issued in lieu of dividends	0.4	3.6
Conversion of capital bonds	3.5	
Effect of exchange rate changes	11.3	(1.0)
Balance at 31 December	280.4	271.7
	466.8	486.6

27 Analysis of changes in cash and cash-equivalents during the year

	1995 £ million	1994 £ million
Balance at 1 January	184.3	142.1
Net cash (outflow)/inflow before adjustments for the effect of foreign exchange rate changes	(12.2)	42.0
Effect of foreign exchange rate changes	(0.2)	0.2
Balance at 31 December	171.9	184.3

28 Analysis of cash equivalents, cash investments and borrowings

	1995		1994	
	Cash and cash equivalents £ million	Investments and borrowings £ million	Cash and cash equivalents £ million	Investments and borrowings £ million
Cash at bank and in hand	110.3		91.0	
Current asset investments	129.1	98.6	137.7	73.4
	239.4	98.6	228.7	73.4
Short-term borrowings	(67.5)	(110.0)	(44.4)	(154.4)
Long-term borrowings	(67.5)	(466.8)	(44.4)	(486.6)
	171.9	(368.2)	184.3	(413.2)
Net borrowings		(196.3)		(228.9)

29 Commitments and contingent liabilities

	GROUP		COMPANY	
	1995 £ million	1994 £ million	1995 £ million	1994 £ million
(a) Guarantees of bank overdrafts and other borrowings, including convertible capital bonds (see note 19), granted to subsidiary undertakings	19.7	22.3	396.3	331.5
(b) Other guarantees etc.			12.4	14.1
(c) Future annual rentals in respect of operating leases:				
(i) Land and buildings	2.0	1.5		
Leases expiring – Within one year	4.8	5.2		
– Between one and five years	4.3	4.4		
– After five years				
(ii) Other	1.8	1.9		
Leases expiring – Within one year	7.3	6.8		
– Between one and five years	0.1	1.0		
– After five years				

(d) Amounts payable in respect of gross obligations under finance leases: within one year £1.5 million (1994, £1.3 million), between one and five years £2.7 million (1994, £3.0 million), thereafter £1.1 million (1994, £0.9 million). Aggregate finance charges included in these obligations total £1.3 million (1994, £1.2 million).

(e) Various disputed claims, some of which are the subject of litigation, but which are unlikely to have a major impact on the group.

(f) Performance guarantees and indemnities have been given by Burmah Castrol plc in connection with the group's LNG commitments. Counter-indemnities as to 50 per cent of these guarantees and indemnities have been received from the co-owners of the project.

(g) Sundry commitments and contingencies arising in the ordinary course of the business.

30

Future capital expenditure

Capital expenditure for the group, provisionally approved by the board, amounts to approximately £201 million (1994, £208 million). Most of this expenditure remains subject to final sanction and only part of the amounts to be sanctioned is expected to be spent in 1996. Contracts placed against these approvals, so far as not provided in these accounts, amount to approximately £60 million (1994, £37 million).

31

Post balance sheet events**(a) Disposals and acquisition**

On 16 February 1996, the sales of the group's fuels retailing investments in Turkey (Turcas Petrolt     AS) and Chile (Burmah Chile Fuels SA and Combustibles Maritimos SA) were announced for £44 million and £20 million respectively. In addition, on 25 March 1996 it was announced that agreement had been reached to sell the fuels retailing subsidiary in Sweden (AB Svenska Uno-X) for £24 million. In accordance with FRS3, the results of the investments in Chile are reported within discontinued operations because the sale agreement is unconditional as at the date of approval of these accounts (29 March 1996). The results of the investment in Turkey and subsidiary in Sweden are reported within continuing operations as the sale agreements will not become unconditional until after 29 March 1996. In total, a profit of approximately £20 million is expected to accrue in respect of these three disposals.

Whilst the consideration in respect of the sale of interests in Sweden and Chile is being satisfied by the receipt of cash, the consideration in respect of the Turkish fuels investment is being satisfied by the receipt of cash of £9 million and the acquisition of the existing lubricants business of Turcas Petrolt     AS, which will be transferred to a new wholly owned subsidiary of the group. The goodwill arising on this acquisition is expected to be approximately £12 million which will be written off against profit and loss reserves in accordance with group policy.

(b) Convertible capital bonds

In the period from 31 December 1995 to 29 March 1996, bondholders have converted £19.6 million of the capital bonds into 3,155,989 £1 ordinary shares in Burmah Castrol plc.

The following is a list of the principal subsidiary and associated undertakings of which Burmah Castrol plc is, either directly or through subsidiary companies, the beneficial owner of the whole, or such lesser percentage as is stated, of the equity share capital.

Shares held directly by Burmah Castrol plc are marked*.

Countries in which undertakings are incorporated are given in brackets. The country of incorporation is also the principal country of operations with the exception of (a) those companies listed under the heading of LNG Transportation, which operate internationally, (b) Veedol International Ltd which operates principally in England and (c) The Burmah Oil Company (Pakistan Trading) Ltd which operates in Pakistan.

The particulars given relate only to those undertakings whose results, in the opinion of the directors, principally affect the amount of the profit or assets of the group.

→ LUBRICANTS

United Kingdom

Castrol Ltd (England)
Castrol (UK) Ltd (England)
Veedol International Ltd (Scotland)

Europe (excluding UK)

Castrol Austria GmbH (Austria)
Castrol NV (Belgium)
Veedol Belgium NV (Belgium)
Castrol Marine Oils (Cyprus) Ltd (Cyprus)
Castrol CR Spol Sro (Czech Republic)
Castrol A/S (Denmark)
Chem-Trend A/S (Denmark)
Kemi Service A/S (Denmark)
Castrol France SA (France)
The Burmah Oil (Deutschland) GmbH (Germany)

Castrol Central & Eastern Europe GmbH (Germany)
Castrol Marine Oil GmbH (Germany)
Consulta Chemie GmbH (Germany)
Deutsche Castrol Vertriebsges.mbh (Germany)
Deutsche Castrol-Industrieol GmbH (Germany)
Deutsche Veedol GmbH (Germany)
Optimol Oelwerke Industrie GmbH & Co KG (Germany)
Tribol GmbH (Greece)
Castrol Hellas SA (Hungary)
Castrol Hungaria Kereskedelmi Kft (Italy)
Castrol Italiana SpA (Netherlands)
Castrol BV (Netherlands)
Castrol Nederland BV (Norway)
Castrol Norge A/S (Poland)
Castrol Polska Sp Zoo (Portugal)
SJLL - Sociedade Gestora de Participacoes Sociais Lda (50%) (Republic of Ireland)
Burmah Castrol (Ireland) Ltd (Romania)
Castrol Romania SRL (Slovakia)
Castrol Slovakia Spol Sro (Spain)
Castrol España SA (Sweden)
Castrol AB (Switzerland)
Castrol (Switzerland) AG (Switzerland)
Veedol (Switzerland) AG (Switzerland)

Africa

Castrol South Africa (Pty) Ltd (South Africa)
Castrol Zimbabwe (Pvt) Ltd (Zimbabwe)

The Americas

Castrol Argentina SA (Argentina)
Castrol Brasil Ltda (Brazil)
Castrol Canada Inc (Canada)
Castrol Chile SA (Chile)
Castrol Colombia Ltda (Colombia)
Castrol Ecuatoriana SA (Ecuador)
Castrol Mexico SA de CV (Mexico)
Castrol del Peru SA (Peru)
Castrol North America Holdings Inc (USA)
Castrol Industrial North America Inc (USA)
Castrol North America Automotive Inc (USA)
Chem-Trend Inc (USA)
Dryden Oil Company Inc (USA)

Castrol de Venezuela S.A. (Venezuela)

Asia

Castrol (China) Ltd (Hong Kong)
Castrol India Ltd (51%) (India)
Castrol KK (Japan)
Castrol Korea Ltd (Korea)
Castrol (Malaysia) Sdn. Bhd. (60%) (Malaysia)
Burmah Castrol Philippines Inc (Philippines)
*The Burmah Oil Company (Pakistan Trading) Ltd (Scotland)
Castrol Singapore Pte Ltd (Singapore)
Castrol (Taiwan) Ltd (Taiwan)
Castrol (Thailand) Ltd (49.95%) (Thailand)
Castrol (Vietnam) Ltd (60%) (Vietnam)

Australasia

Castrol Australia Pty Ltd (Australia)
Castrol NZ Ltd (New Zealand)
→ CHEMICALS
Burmah Castrol Chemicals Ltd (England)
*Fosoco plc (England)
Fosoco (GB) Ltd (England)
Fosoco Holding BV (Netherlands)
Fosoco Holding International BV (Netherlands)

Adhesives

Adhesive Solutions Ltd (England)
Industrial Adhesives Ltd (England)
Columbia Cement Co Inc (USA)

Coatings

Dussek Campbell Pty Ltd (Australia)
Dussek Campbell Ltd (Canada)
Dussek Campbell Ltd (England)
Protim Solignum Ltd (England)
Protim Solignum Sdn. Bhd. (Malaysia)
Dussek Campbell BV (Netherlands)
Protim Abrasives Ltd (Republic of Ireland)
Dussek Bros (SA) (Pty) Ltd (51%) (South Africa)
Dussek Campbell Inc (USA)
Yates Investment Casting Wax Inc (USA)

Construction and Mining Chemicals

Fosroc Chemfix Pty Ltd	(Australia)	Fosoco (FS) Ltd	(England)
Fosroc Expandire Pty Ltd	(Australia)	Fosoco International Ltd	(England)
Fosroc Guangzhou Ltd (95%)	(China)	Fosoco SA	(France)
Shanghai Fosroc Expandire Construction and Engineering Products Company Ltd (55%)	(China)	Servimetal SA (65%)	(France)
Fosroc A/S (50%)	(Denmark)	Fosbel GmbH	(Germany)
Fosroc SAE (50.65%)	(Egypt)	Fosoco GmbH	(Germany)
Fosroc Expandire Ltd	(England)	Fosoco Hellas SA (90%)	(Greece)
Fosroc International Ltd	(England)	Fosoco Industries Asia Ltd	(Hong Kong)
Fosroc SA	(France)	Fosoco India Ltd (51%)	(India)
Fosroc GmbH	(Germany)	PT Fosoco Indonesia (80%)	(Indonesia)
Fosroc Hong Kong Ltd	(Hong Kong)	Fosoco Srl	(Italy)
Fosroc Chemicals (India) Ltd (74%)	(India)	Fosoco Japan Ltd (92%)	(Japan)
Jordanian British Construction Chemicals Company Ltd (70%)	(Jordan)	Fosoco Korea Ltd	(Korea)
Fosroc Korea Ltd	(Korea)	Fosoco SA de CV	(Mexico)
Fosroc Sdn. Bhd. (70%)	(Malaysia)	Fosbel Europe BV (51%)	(Netherlands)
Fosroc BV	(Netherlands)	Fosoco (NZ) Ltd	(Netherlands)
Fosroc Ltd	(New Zealand)	Fosoco Portugal Produtos para Fundicao Lda	(New Zealand)
Norwegian Concrete Technologies A.S.	(Norway)	Fosoco South Africa (Pty) Ltd	(Portugal)
Fosroc Poland Sp Zoo	(Poland)	Fosoco Española SA	(Spain)
Fosroc Expandire Ltd	(Republic of Ireland)	Fosoco AB	(Sweden)
Fosam Co Ltd (50%)	(Saudi Arabia)	Fosoco Trading AG	(Switzerland)
Burmah Castrol Chemicals Pte Ltd	(Singapore)	Selea AG	(Taiwan)
Fosroc (Pty) Ltd	(South Africa)	Fosoco Golden Gate Co Ltd (51%)	(Thailand)
Expandire SA	(Spain)	Fosoco Thailand Ltd (61.25%)	(USA)
Fosroc SA	(Spain)	Fosbel Inc (51%)	(USA)
Al Gurg Fosroc LLC (49%)	(United Arab Emirates)	Fosoco Inc	(USA)
Fosroc Inc	(USA)	Fosven CA (49%)	(Venezuela)
Fosroc Expandire (Private) Ltd	(Zimbabwe)	Fosoco Zimbabwe (Pvt) Ltd	(Zimbabwe)

Screen Printing Inks

Sericol Ltd	(England)
Sericol SA	(France)
Sericol GmbH	(Germany)
Sericol (Hong Kong) Ltd	(Hong Kong)
Sericol España SA	(Spain)
Sericol AG	(Switzerland)
Sericol Inc	(USA)
→ FUELS	
Burmah Fuels Australia Ltd	(Australia)
Combustibles Maritimos SA (50%)	(Chile)
Simoniz International Plc	(England)

Metallurgical Chemicals

Fosoco Pty Ltd	(Australia)
Fosoco Austria GmbH	(Austria)
Fosoco SA	(Belgium)
Fosbel Industria E Comercio Ltda (51%)	(Brazil)
Fosoco Industrial E Comercial Ltda	(Brazil)
Fosoco Canada Inc	(Canada)
Fosoco-Morval Inc	(Canada)
Shenzhen Fosoco-Jinke Non-Ferrous Metallurgical Materials Company Ltd (50%)	(China)
Fosbel International Ltd (51%)	(England)

AB Svenska Uno-X	(Sweden)
*Turcas Petrolcilik AS (46.24%)	(Turkey)
→ LNG TRANSPORTATION	
*Burmah MOL Transport Ltd (50%)	(British Virgin Islands)
*Burmah Investments Ltd (50%)	(England)
Burmah LNG Shipping Inc (50%)	(USA)
→ ENERGY INVESTMENTS	
Burmah Oil Netherlands Exploration BV	(Netherlands)
*Pakistan Petroleum Ltd (63.91%)	(Pakistan)
→ CENTRAL MANAGEMENT	
Burmah Castrol Australia Ltd	(Australia)
*Burmah Castrol Finance PLC	(England)
*Burmah Castrol Holdings Ltd	(England)
Burmah Castrol Overseas Holdings Ltd	(England)
Burmah Castrol Trading Ltd	(England)
Burmah Castrol France Holdings SA	(France)
Burmah Castrol Holdings GmbH	(Germany)
Cairngorm Insurance Ltd	(Guernsey)
*Burmah Castrol Capital (Jersey) Ltd	(Jersey)
Burmah Castrol BV	(Netherlands)
Burmah Castrol (South Africa) Pty Ltd	(South Africa)
*Burmah Castrol Inc	(USA)
Burmah Castrol USA Inc	(USA)

Analysis of ordinary shareholders at 31 December 1995

Number of £1 ordinary shares

	Number of holders	%	Amount of shares held	%
1 - 200	16,346	30.88	1,569,690	0.78
201 - 500	15,543	29.36	5,389,938	2.67
501 - 1,000	11,512	21.75	8,201,275	4.07
1,001 - 5,000	8,199	15.49	15,079,407	7.48
5,001 - 10,000	466	0.88	3,250,165	1.61
10,001 - 25,000	313	0.59	5,105,928	2.53
25,001 - 50,000	163	0.31	5,778,826	2.87
50,001 - 100,000	120	0.23	8,721,367	4.33
100,001 - 150,000	65	0.12	8,045,069	3.99
150,001 and over	207	0.39	140,447,382	69.67
	52,934	100.00	201,589,047	100.00

Classification of ordinary shareholders at 31 December 1995

	Number of holders	%	Amount of shares held	%
Banks and nominees	12,286	23.21	153,004,905	75.90
Insurance	364	0.70	7,127,629	3.53
Pension funds	26	0.05	2,664,678	1.32
Investment trusts and funds	474	0.89	10,040,951	4.98
Charities, local authorities, hospitals, colleges	149	0.28	2,855,215	1.42
Other corporate bodies	357	0.67	2,317,530	1.15
Private holders	39,278	74.20	23,578,139	11.70
	52,934	100.00	201,589,047	100.00

Shareholders' interests

As far as the board is aware one month before the date of notice of the annual general meeting:

(i) substantial interests in the ordinary share capital of the company were held by Scottish Widows' Fund and Life Assurance Society amounting to 10,441,247 (5.09%).

(ii) substantial interests in the 6% cumulative first and second preference shares were:

	6% first preference	6% second preference
Aboyne-Clyde Rubber Estates of Ceylon plc	19,400 (7.76%)	167,140 (22.28%)
Abtrust Preferred Income Investment Trust plc		
Bassett-Patrick Securities Limited	35,174 (14.06%)	71,000 (9.46%)
Danae Investment Trust plc		75,000 (10.00%)
Ecclesiastical Insurance Office plc		59,875 (7.98%)
The Exploration Company plc		
Group Traders Limited	33,000 (13.20%)	
The Investment Company plc	37,675 (15.07%)	
Jove Investment Trust plc	55,670 (22.26%)	
Mr A W R Medlock and Mrs H M Medlock	7,500 (3.00%)	
Medlock & Medlock Limited		23,307 (3.10%)
The Perrett Control Company Limited		32,500 (4.33%)
Provincial Group plc		188,000 (25.06%)
Trustees of the Richard Cadbury Charitable Trust	10,000 (4.00%)	

Dividend and interest payment dates

Ordinary shares: interim in January, final in July
Preference Shares: 30 April and 31 October.

Financial calendar

Annual results: preliminary statement issued 1 April 1996
Annual report: mailed 19 April 1996
Annual general meeting: to be held 17 May 1996
Final dividend for 1995: payable 12 July 1996
Half-year 1996 results: to be issued 2 September 1996

Taxation

The following details of market prices on the dates shown may be relevant in computing tax liabilities in respect of capital gains on disposals of the undernoted shares:

	6 April 1965	31 March 1982
Ordinary shares**	243.75p*	119p
6% (now 4.2% plus tax credit) cumulative first preference shares	82.5p	36.5p
6% (now 4.2% plus tax credit) cumulative second preference shares	82.5p	36.5p
8% (now 5.6% plus tax credit) cumulative preference shares	112.5p	52.5p
7 1/4% (now 5.075% plus tax credit) cumulative redeemable preference shares	N/A	41.5p

*After deducting capital dividends totalling 2.5p paid after 6 April 1965.

**The figures quoted in respect of ordinary shares are before any adjustment in respect of the rights issue in 1986 and any subsequent scrip dividends taken up.

Personal equity plans

Burmah Castrol offers both a general and a single company personal equity plan (PEP) in Burmah Castrol ordinary shares.

For further information please contact:

The Plan Manager, Burmah Castrol Equity Plans, Bradford & Bingley (PEFs) Limited, P.O. Box 1, Taunton Street, Shipley, West Yorkshire BD18 3NG. Telephone: 01274 555700.

Share dealing service

As an additional service to shareholders, the company has arranged for Cazenove & Co. to provide a separate, low cost postal share dealing service. Further information is available from Cazenove & Co., telephone 0171 606 1768, or from the Company Secretary, telephone: 01793 452492.

Shareholder enquiries

Administrative enquiries concerning shareholders in Burmah Castrol plc, such as the loss of a share certificate, dividend payments or a change of address, should be directed, in the first instance, to the Registrar whose address is:
Lloyds Bank Registrars, 54 Pershore Road South, Kings Norton, Birmingham B30 3EP. Telephone: 0121 433 8000.
Correspondence should refer to Burmah Castrol plc and the company reference no 1138 and state clearly the registered name and address of the shareholder.

	1995 £ million	1994 £ million	1993 £ million	1992 £ million	1991 £ million
Turnover net of duties:					
Continuing operations (including acquisitions)	2,969.0	2,768.8	2,566.5	2,186.8	2,024.3
Discontinued operations (note (i))	79.5	165.6	191.3	222.4	352.0
	3,048.5	2,934.4	2,757.8	2,409.2	2,376.3
Operating profit before exceptional items:					
Continuing operations (including acquisitions)					
Lubricants	204.3	181.2	153.9	127.2	122.5
Chemicals	62.4	48.9	36.6	34.0	34.1
Fuels	11.4	11.7	14.4	16.5	10.3
LNG Transportation	5.7	5.5	8.4	9.3	10.4
Energy Investments	5.6	4.5	6.1	7.9	7.6
Central Management	(12.6)	(11.1)	(11.3)	(9.8)	(7.5)
Discontinued operations	276.8	240.7	208.1	185.1	177.4
	3.9	9.0	11.1	11.6	16.2
Interest	280.7	249.7	219.2	196.7	193.6
	(27.7)	(30.2)	(37.5)	(39.8)	(47.0)
Profit before exceptional items and taxation	253.0	219.5	181.7	156.9	146.6
Exceptional items:					
Continuing operations		32.8	7.0	7.0	(26.7)
Discontinued operations		(8.8)	3.2		
Profit before taxation	253.0	243.5	191.9	163.9	119.9
Taxation	(97.8)	(86.6)	(74.7)	(77.3)	(77.3)
Profit after taxation	155.2	156.9	117.2	86.6	42.6
Minority interests	(20.2)	(18.9)	(16.0)	(12.5)	(9.5)
Profit for the financial year attributable to shareholders	135.0	138.0	101.2	74.1	33.1
Balance sheet					
Fixed assets	974.5	921.6	941.0	886.1	845.8
Net current assets	445.7	357.8	299.6	374.1	200.8
Total assets less current liabilities	1,420.2	1,279.4	1,240.6	1,260.2	1,046.6
Long-term creditors and provisions	(631.4)	(585.0)	(599.2)	(655.3)	(505.8)
Minority interests	(80.7)	(76.6)	(61.0)	(57.2)	(44.6)
Shareholders' funds	708.1	617.8	580.4	547.7	496.2
Statistics per ordinary share					
Ordinary dividends	pence	pence	pence	pence	pence
Earnings per ordinary share before exceptional items	36.25	32.5	27.5	25.25	24.0
Earnings per share after exceptional items	66.9	57.3	47.7	36.1	32.2
Shareholders' funds	341.5	299.6	287.6	287.6	261.5

(i) Discontinued operations relate to the results of subsidiary and associated undertakings discontinued at any time during the five year period under review.

HEADQUARTERS

Burmah Castrol House, Pipers Way, Swindon SN3 1RE

REGISTERED OFFICE

George House, 50 George Square, Glasgow G2 1RR

COMPANY SECRETARY

P R S Howie

REGISTRAR

Lloyds Bank plc, 54 Pershore Road South, Kings Norton,
Birmingham B30 3EP Tel: 0121 433 8000

SOLICITORS

Miller Beckett & Jackson; Allen & Overy

AUDITORS

Ernst & Young