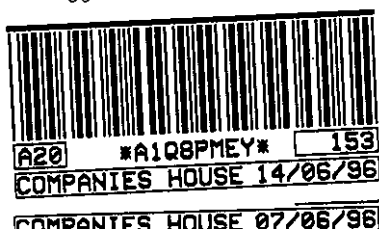


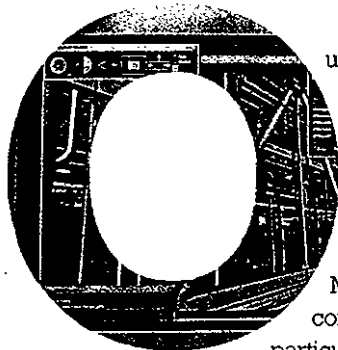
# contents

# profile

AMEC profile	1	AMEC is an international
Chairman's statement	2	engineering, construction and
Chief executive's review	4	development group.
Financial highlights and review	6	
Board of directors	8	Employing over 20,000 people
The business year:		worldwide, it is committed to
Introduction	10	providing the highest standards
Construction	12-	of service to its clients, based on
Manufacturing and services	14	a sound foundation of financial
Mechanical and electrical	16	prudence.
Process and energy	18	
Housing and development	20	The depth and breadth of
Focus on people	22	AMEC's integrated resources
Directors, officers and company		enable it to respond effectively
information	24	to the ever changing
Report of the directors	25	requirements of the markets it
Report of the remuneration		serves. These resources also
committee	29	enhance its ability to target
Consolidated profit and loss		and develop new business
account	32	opportunities in the
Consolidated balance sheet	33	United Kingdom and overseas.
Company balance sheet	34	
Consolidated cash flow statement	35	
Consolidated statement of total		
recognised gains and losses	36	
Note of historical cost profits and		
losses	36	
Reconciliation of movements in		
consolidated shareholders' funds	36	
Notes to the accounts	37	
Statement of directors'		
responsibilities	54	
Report of the auditors	54	
Five year record	55	
Principal group undertakings	56	
Notice of annual gener:		
Shareholder informatio		



# Chairman's statement



Our 1995 profit performance was accompanied by a substantial improvement in our cash position which was helped by the final account settlement of the Tiffany contract. The result was in line with our forecast of last year.

Most of AMEC's engineering and construction businesses performed particularly well in 1995 and it was pleasing to note the return to profitability of our housing and development activities, as forecast. Much hard work has gone into achieving improvements in that sector but much more can, and will, be done.

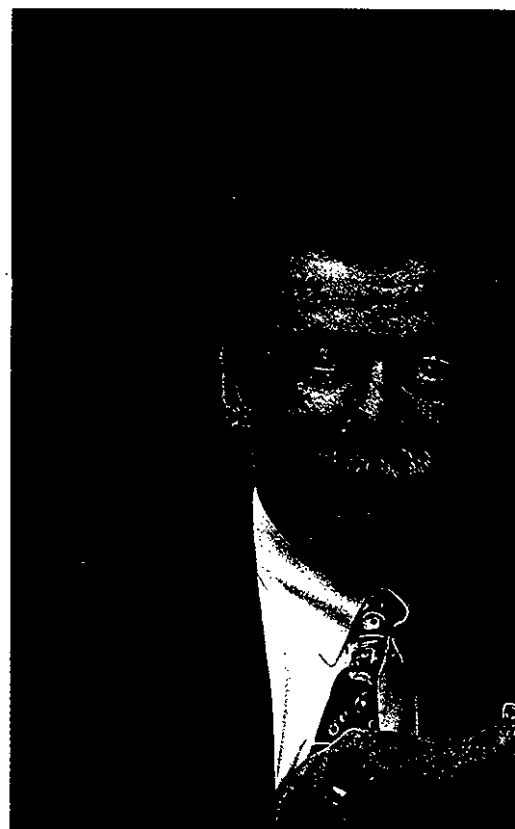
In 1995, the costs incurred in securing a settlement of the Tiffany contract masked an effective 39 per cent improvement in group operating profit. With our re-organised Newcastle fabrication facilities forecasting a return to profitability in 1996, I believe that we have made substantial progress in the pursuit of our key objectives.

We reported last December that the group order book was at a record level and this position has been sustained in the first quarter of 1996. Our progress in moving away from the smaller, more traditional types of contract, towards the larger, more complex, higher added-value schemes has been notable. In addition, more and more of our business is now carried out in partnership with major clients. In our process and energy activities, the majority of our business is now being conducted in this way. The award of almost £300 million of highway projects to an AMEC led joint venture was a major achievement in our pursuit of further PFI (private finance initiative) projects. Our determination to continue to invest in technology and quality has clearly begun to show through by allowing us to gain access higher up the procurement chain and, therefore, become closer to our clients.

Whilst reported margins remain tight, prospects for improvement are favourable and, therefore, I believe that, in most respects, AMEC is better positioned going forward than it has been for some years. Accordingly, the directors have decided to recommend a final dividend of 1.5p per ordinary share giving an unchanged total dividend for the year of 3.0p. The level of earnings attributable to AMEC's ordinary

shareholders is highly geared to improvements in profit after tax because of the fixed dividend on the preference shares and, therefore, I believe that the prospects for dividend increase are favourable.

1995 has been a definitive period in our history and it gives me particular pleasure to welcome back to the group, after a gap of some 20 years, Peter Mason, as our new group chief executive. Peter was previously chairman and chief executive of Balfour Beatty Limited and a director



of its parent company, BICC plc. He knows the industry and AMEC well and has quickly taken over the executive management of our group. Peter's arrival means that, after having acted both as chairman and chief executive in 1995, I can now, as non-executive chairman, focus my time on the development of opportunities and alliances around the world, especially in South East Asia, where our Hong Kong based activities provide an impressive foundation from which to expand. There are two further management changes to take place at the top, Sir Oswald Davies and Ron

## Report of the directors

The directors have pleasure in presenting the 14th annual report and accounts being for the year ended 31 December 1995.

### Business review

The group is engaged in engineering, construction and development and its activities are referred to on pages 2 to 23.

The profit for the financial year available to shareholders, amounting to £13.9 million, is shown in the consolidated profit and loss account on page 32. The directors recommend that a final dividend of 1.5p per ordinary share be paid which, together with the interim dividend of 1.5p, makes a total ordinary dividend for the year of 3.0p. After ordinary dividends of £6.1 million and preference dividends of £11.6 million, a deficit of £3.8 million has been met by a transfer from reserves.

The final dividend will be payable on 1 July 1996 to ordinary shareholders on the register at the close of business on 30 April 1996.

In January 1995, the company acquired the outstanding 50 per cent interest in Morse Diesel International, the United States based construction management business. Previously a partnership, the business has now been incorporated as Morse Diesel International Inc.

In September 1995, the acquisition was completed of BPE Mechanical and Electrical Engineering Consultancy Limited, since renamed BPE Engineering Limited, formerly part of British Rail's infrastructure services, specialising in mechanical and electrical engineering design of plant and equipment for the railway industry.

An analysis of the group's activities is given in note 2 on page 38.

### Share capital

The present authorised and issued share capital of the company and movements during the year are set out in note 18 on page 48. Resolution 7 will be proposed at the 1996 annual general meeting to renew limited powers for the directors to allot the unissued share capital of the company and to issue shares for cash other than to existing shareholders.

The directors have no present intention of issuing any ordinary shares other than in respect of the conversion of preference shares, the exercise of share options and in lieu of cash dividends. No issue will be made which will effectively alter the control of the company without the prior approval of shareholders in general meeting.

Shareholders are advised that, in accordance with the Uncertificated Securities Regulations 1995, on 20 March 1996, the company resolved by a resolution of its directors that title to the ordinary and preference shares in the capital of the company, in issue or to be issued, may be transferred by means of a relevant system. The resolution of the directors became effective immediately.

Further details relating to this resolution and the CREST system for uncertificated securities trading are contained in a circular enclosed with the annual report and accounts.

This circular also outlines the proposed special resolution, Resolution 8, to amend the articles of association of the company, inter alia, to enable the preference shares to become CREST eligible.

A special resolution, Resolution 9, will be proposed at the annual general meeting to empower the company to make market purchases of preference shares in the capital of the company within prescribed limits. A separate class meeting of preference shareholders has been convened for the same day to authorise the proposal which is outlined in more detail in a circular enclosed with the annual report and accounts.

At last year's annual general meeting, shareholders approved the introduction of the AMEC Executive Share Option Scheme 1995. Since then, however, regulations have been implemented which reduce the benefits to participants. The effect of the regulations and details relating to a proposed amendment, Resolution 10, to the schedule to the rules of the AMEC Executive Share Option Scheme 1995 are explained in a circular enclosed with the annual report and accounts.

### Substantial interests

The directors have been notified of the following interests comprising three per cent or more of the share capital of the company as at 11 April 1996.

#### Ordinary shares

Kværner a.s	52,788,115 - 25.89%
PDFM Limited	28,585,206 - 14.11%
BBC Pension Trust Limited	6,487,250 - 3.20%

#### Preference shares

PDFM Limited	30,435,000 - 17.65%
M&G Group PLC	19,464,862 - 11.29%

No other interests of three per cent or more in either the ordinary or preference share capital have been notified as at 11 April 1996.

### Donations

Charitable donations for the year amounted to £139,000.

### Directors' and officers' liability insurance

As permitted by the Companies Act 1985, the company has maintained insurance cover for the directors and officers of all group companies against certain liabilities which they may incur in carrying out their duties.

### Share dividends

The directors are once again proposing to offer to ordinary shareholders the opportunity to elect to receive additional ordinary shares, credited as fully paid, in lieu of the final cash dividend of 1.5p per share for 1995, which is subject to the approval of shareholders at the annual general meeting. Subject to shareholders' approval by the passing of Resolution 8 dealing with amendments required

## Report of the directors

to the articles of association, it is also proposed to make a similar facility available to preference shareholders in respect of their fixed dividends. Details relating to this proposal will be found in a circular enclosed with the annual report and accounts.

### Fixed assets

Changes in fixed assets are shown in notes 11 and 12 on pages 42 to 45.

### Directors

Details of the directors of the company at the date of this report are set out on pages 8 and 9.

Mr J S Bateson, Mr E Swainson and Mr R Kisjes resigned as directors on 31 March 1995, 30 August 1995 and 6 September 1995 respectively.

Mr S Gillibrand and Mr P J Mason were appointed directors on 1 August 1995 and 1 March 1996 respectively. In accordance with article 91 of the articles of association of the company, they will retire from office at the 1996 annual

general meeting and, being eligible, offer themselves for re-election.

Mr Mason has a service contract with the company terminable by two years' notice. Mr Gillibrand does not have a service contract with the company.

Sir Alan Cockshaw, Mr S G Batey and Sir Oswald Davies retire by rotation in accordance with article 85 of the articles of association of the company. Being eligible, Sir Alan and Mr Batey offer themselves for re-election. Sir Alan has a service contract with the company through to his normal retirement date of 13 July 1997. Mr Batey has a service contract with the company terminable by two years' notice. Sir Oswald has indicated his intention to retire from office at the conclusion of the annual general meeting and will not, therefore, be seeking re-election.

Mr R H Peet, having attained the age of 70, has given notice that he will retire from office at the conclusion of the annual general meeting and will not be seeking re-election.

The beneficial interests in the share capital of the company of the directors holding office at 31 December 1995 were:

	At 31 December 1995			At 1 January 1995 (or date of appointment if later)		
	Ordinary shares	Preference shares	Share options	Ordinary shares	Preference shares	Share options
Sir Alan Cockshaw	51,739	10,000	425,247	51,201	—	459,767
Dr K W Humphreys	5,053	—	—	2,000	—	—
Sir Oswald Davies	119,482	—	—	119,482	—	—
R H Peet	23,555	—	—	26,463	11,999	—
J D Early	4,734	2,200	296,104	4,734	2,200	270,104
D Robson	—	—	472,293	—	—	270,985
S G Batey	22,214	—	412,767	11,470	—	211,459
M K Eckersall	—	—	443,131	—	—	270,859
G E Payne	—	—	254,616	—	—	78,308
S Gillibrand	10,000	—	—	—	—	—

Options were granted under the terms of the AMEC Executive and Savings Related Share Option Schemes, which were approved at the extraordinary general meeting held on 16 May 1985 and under the AMEC Executive Share Option Scheme 1995, which was approved at the annual general meeting held on 7 June 1995.

During the year, options to subscribe for shares, at 60p per share, under the provisions of the Executive Share Option Scheme 1995 were granted to the undermentioned directors:

Mr J D Early	26,000
Mr D Robson	200,000
Mr S G Batey	200,000
Mr M K Eckersall	200,000
Mr G E Payne	175,000

Mr D Robson, Mr S G Batey and Mr G E Payne were also granted options to subscribe for 1,308 shares each, at an option price of 58p per share, under the provisions of the Savings Related Scheme and now hold respectively thereunder options over 1,308, 7,763 and 8,736 shares. Options over 2,282 shares granted to Mr Batey under that scheme, at an option price of 173.37p, lapsed on 29 February 1996 and are excluded from his holding.

Further details of options held by directors are given in the report of the remuneration committee on pages 29 to 31.

No director at 31 December 1995 had any other interests, beneficial or otherwise, in the share capital of the company.

## Report of the directors

On 2 February 1996, options over 600,000 shares, at 99p per share, were granted to Mr P J Mason under the provisions of the Executive Share Option Scheme 1995.

Options granted to the undermentioned directors, under the provisions of the Executive Share Option Scheme, at an option price of 131.23p, lapsed on 10 April 1996:

Sir Alan Cockshaw	42,672
Mr J D Early	32,004
Mr D Robson	14,935
Mr M K Eckersall	14,935

There were no other changes in the directors' interests in the share capital of the company between 31 December 1995 and 11 April 1996.

During the year, there were no contracts or arrangements of significance, other than directors' service contracts, between any director and the company or any subsidiary in which a director's interest was material.

### Employees

In 1995, AMEC employed on average 21,644 people worldwide. Details are given in note 5 on page 40.

Further share options were granted under the provisions of the Savings Related and Executive Share Option Schemes. Details of share options are shown in note 18 on page 49.

The group's management policies seek to ensure that the careers of all employees are determined solely on merit. No employee will suffer because of his or her sex, race, ethnic origin or religious belief. These principles guide operations worldwide and are reinforced by policies and procedures which are regularly reviewed and monitored.

Communication with employees is regarded by the group as a vital ingredient in engendering the team spirit essential for success. Employees are informed about group affairs through various channels including the group newspaper, *AMEC Times*. This publication is supplemented by newsletters produced by subsidiary companies.

Consultative procedures enable employees to discuss matters of mutual interest with management. Such procedures are currently under review as a result of the European Works Council Directive 94/95 and the Collective Redundancies and Transfer of Undertakings (Protection of Employment) Regulations 1995 (as amended). The pensions consultative committee of the AMEC Staff Pension Scheme meets regularly and its meetings are reported in *Pension News*, which is distributed to all scheme members and pensioners.

It is the group's policy to consider for employment suitably qualified disabled people and to assist them in overcoming their handicaps at work. The group recognises that special arrangements are necessary in view of the

nature of its main activities to ensure that disabled people employed are properly trained for the tasks they perform. If necessary, the group endeavours to retrain any employee who develops a disability during employment, wherever appropriate. The principles of the Disability Discrimination Act 1995 are fully supported.

### Auditors

The auditors, KPMG, have indicated that a limited liability company, KPMG Audit Plc, is to undertake part of their audit business. A resolution is to be proposed at the annual general meeting for the appointment of KPMG Audit Plc as auditors of the company.

### Corporate governance

The board of directors is responsible to shareholders for the management of the company and for the protection of its assets. The board meets formally at least 10 times a year.

The company complied throughout the year with The Code of Best Practice issued by the Cadbury Committee on the Financial Aspects of Corporate Governance.

### Internal control

The directors are responsible for the company's system of internal financial control. Although no system of internal financial control can provide absolute assurance against material mis-statement or loss, the company's system is designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

The group's strategic direction is determined by the board. Annual plans and performance targets for each sector are reviewed by the board in the light of overall objectives.

Within the objectives agreed by the board, the operational management of the group as a whole is delegated to the group chief executive, supported by the executive directors. Managing directors of subsidiary companies are accountable for the conduct and performance of their businesses within their agreed short range plans. They have authority to act subject to the reserved powers and limits laid down by the board and to group policies and guidelines. Controls are designed to ensure that all activities operate efficiently and effectively.

Sectors are responsible for meeting defined reporting timetables and compliance with group accounting manuals which set out accounting policies and procedures.

The board receives operating reports, together with a summary of financial results and forecasts, monthly for each sector. The group's published interim and annual accounts are based on a standardised reporting process.

The board has reviewed the effectiveness of the system of internal financial control for the group as a whole.

## Report of the directors

### Board committees

Board committees comprise all non-executive directors.

The audit committee, which is chaired by Dr K W Humphreys, ensures that appropriate accounting and financial policies and controls are adhered to and, on behalf of the board, reviews half yearly reports from both the internal and external auditors.

The nominations committee, which is chaired by Dr K W Humphreys, reviews any proposed appointments of directors and makes recommendations to the board in relation to such appointments.

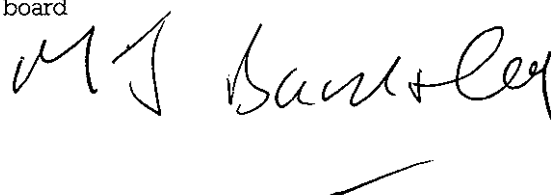
The remuneration committee, which is chaired by Mr R H Peet, determines the annual remuneration, performance related payments and other aspects of the terms and conditions of employment of the executive directors.

By order of the board

M J Bardsley

Secretary

11 April 1996



## Report of the remuneration committee

The Report of the Study Group on Directors' Remuneration recommended a Code of Best Practice, the main elements of which have been incorporated into the London Stock Exchange Listing Rules or in the annexes to the rules.

The remuneration of the executive directors is determined by the remuneration committee which is comprised solely of the non-executive directors of the company.

### Remuneration policy

The remuneration committee considers that, during the year to 31 December 1995, the company has complied with section A of the Best Practice provisions annexed to the Listing Rules and, in formulating its remuneration policy, the committee has given consideration to the matters set out in section B of the provisions.

The recruitment, motivation and retention of high quality executives is given high priority by the board and the committee has sought to apply appropriate principles in the overall design of the remuneration policies and in their decisions on implementation for the individuals concerned. The main elements of the remuneration policy for executive directors are:

- to pay market competitive salaries having regard to those prevailing in the employment market generally for executives of similar status, the director's experience, the size and complexity of his role and any other factors (such as special expertise or market requirements necessary to acquire a new recruit) in order to provide a competitive package to attract and retain the highest calibre of executives;
- to link the executive directors to the long-term success of the group through the award of executive share options with the amounts allocated determined by the importance of the role and performance of the director concerned.

Employment related benefits (principally the provision of a company car, life assurance and private medical expenses insurance) are also provided.

No elements of remuneration other than basic salary are pensionable.

### Directors' base salary and benefits

The base salaries of directors are reviewed annually, having regard to personal performance, company performance and competitive market practice as determined by external research.

The group has recently introduced an Inland Revenue approved profit related pay scheme under which a

proportion of salary is linked to the profitability of the group. The scheme is open to all employees of the group.

Executive directors participate in the executive directors' annual incentive scheme which generates bonus payments calculated by reference to AMEC's total shareholder return (compared with a peer group of companies) and growth in earnings per ordinary share both as defined under the rules of the scheme. Those directors who are also sector chairmen receive 50 per cent of the bonus generated by this scheme (compared with 100 per cent for those directors who are not sector chairmen) and a further bonus based on the financial performance of their respective sectors. The total bonus of executive directors who are also sector chairmen is capped at 45 per cent of salary compared with 40 per cent for other executive directors.

### Directors' service contracts

Each executive director has an employment contract with a notice period of 24 months by both the company and the director. The unexpired terms under the employment contracts of directors retiring and offering themselves for re-election at the 1996 annual general meeting are detailed on page 26.

It is currently considered that service agreements with such notice periods are appropriate for the executive directors and to enable the company to attract and retain executives of the highest quality.

### External directorships

Executive directors are not permitted to accept external non-executive directorships without the prior approval of the board as a whole.

### Non-executive directors

The non-executive directors receive fees for their services and do not participate in any of the incentive or benefit schemes of the group save Sir Oswald Davies who is a member of the AMEC Healthcare Scheme and Sir Alan Cockshaw who became non-executive chairman on 11 April 1996 and, in accordance with his service contract, will maintain his previous benefits as an executive director (except participation in any incentive arrangements) through to his normal retirement date of 13 July 1997. The policy of the board with regard to new appointments is that these should be for a fixed period of three years with provision for a review upon expiry with any extended term mutually acceptable to both the company and the directors being not greater than three years with no further renewal.

The remuneration of non-executive directors is determined by the board as a whole.

# Report of the remuneration committee

## Summary remuneration table

	Salary/ fees £	Bonus £	Benefits in kind £	Total 1995 £	Total 1994 £	Pension contributions 1995 £	Pension contributions 1994 £
<b>Executive</b>							
Sir Alan Cockshaw	260,000	126,340	10,333	396,673	235,755	31,200	27,350
J D Early	131,667	28,485	6,296	166,448	135,230	15,800	15,600
D Robson	162,500	41,544	5,975	210,019	164,755	19,500	16,000
S G Batey	162,500	35,000	4,089	201,589	130,437	19,500	15,100
M K Eckersall	154,167	32,917	6,539	193,623	143,301	18,500	15,677
G E Payne (wef 15/11/94)	133,333	29,709	11,852	174,894	32,213	16,000	2,500
J S Bateson (to 31/03/95)	52,500	—	8,137	60,637	218,392	6,300	25,200
R Kisjes (to 08/09/95)	60,000	—	3,925	63,925	101,151	7,200	10,800
<b>Non-executive</b>							
Dr K W Humphreys	47,292	—	—	47,292	17,500	—	—
Sir Oswald Davies	15,000	—	557	15,557	15,557	—	—
R H Peet	20,000	—	—	20,000	20,000	—	—
S Gillibrand (wef 01/08/95)	12,500	—	—	12,500	—	—	—
E Swainson (to 30/08/95)	11,667	—	—	11,667	20,000	—	—

## Notes

a The value of benefits in kind received during the year relates principally to the provision of a company car, life assurance cover and private medical expenses insurance.

b Full details of executive share options granted during the year are set out in the table on page 31.

c The method of calculation of the amount of pension entitlement earned in a year by executive directors is dependent upon the outcome of the consultation process in this regard based on recommendations from the Faculty of Actuaries and the Institute of Actuaries. The required information will be included in future reports of the committee. The table above details pension contributions as distinct from pension entitlement.

d The bonus to Sir Alan Cockshaw includes a special bonus of £85,000, which was awarded by the remuneration committee in recognition of the exceptional burden borne by him in 1995, following the retirement of the former group chief executive and pending a new appointment being made.

## Longer term incentive plans

In 1995, shareholders approved the introduction of two new share option schemes.

The renewed Savings Related Share Option Scheme is open to all employees (including the executive directors) and is linked to a monthly savings contract.

The Executive Share Option Scheme 1995 reflects the principles of guidelines published by the bodies representing institutional investors and, in particular, before any options can be exercised, certain company performance conditions have to be achieved initially, and subject to review by the remuneration committee, that over a three year period

the percentage growth in earnings per share of the company exceeds the percentage growth in the Retail Prices Index by at least six percentage points. These performance conditions, which require sustained improvement in the underlying financial performance of the company, are designed to provide a direct link between the rewards for executives and the returns to shareholders whilst at the same time ensuring that executives in subsidiary companies maintain a wider perspective of the group as a whole. The grant of options to executives is on a discretionary basis with emphasis on performance and job responsibilities.



## Report of the remuneration committee

Executive options held by directors are as follows:

	At 1.1.95	Granted during year	Lapsed during year	At 31.12.95	Weighted average exercise price	Range of exercise dates
Sir Alan Cockshaw	459,767	–	34,520	425,247	182.82p	4/1989 - 5/2002
J D Early	270,104	26,000	–	296,104	172.90p	4/1989 -10/2005
D Robson	270,985	200,000	–	470,985	126.82p	4/1989 -10/2005
S G Batey	202,722	200,000	–	402,722	116.05p	4/1991 -10/2005
M K Eckersall	270,859	200,000	27,728	443,131	125.41p	4/1989 -10/2005
G E Payne	70,880	175,000	–	245,880	91.10p	5/1993 -10/2005

Options were granted during the year at an option price of 60p per share and those which lapsed had an option price of 111.11p per share. No options were exercised during the year.

With the exception of those options granted during the year at 60p, all outstanding options have exercise prices greater than the mid market price of the ordinary shares at 31 December 1995 of 94p (ex-dividend) (1994 - 69p (ex-dividend)).

The range of the mid market quotations for the ordinary shares during the year was 56p to 101p (ex-dividend).

The register of directors' interests, which is open to inspection at the registered office, contains full details of directors' shareholdings and options to subscribe.

On behalf of the board

R H Peet

Chairman, remuneration committee

11 April 1996


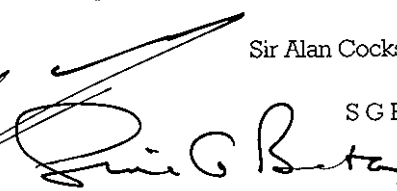
# Consolidated profit and loss account for the year ended 31 December 1995

		Continuing operations	Acquisitions	1995	1994
	Note	£ million	£ million	£ million	£ million
<b>Continuing operations:</b>					
Turnover	2	2,176.1	275.2	2,451.3	1,962.4
Cost of sales		<u>2,027.8</u>	<u>264.7</u>	<u>2,292.5</u>	<u>1,818.5</u>
<b>Gross profit</b>		<b>148.3</b>	<b>10.5</b>	<b>158.8</b>	<b>143.9</b>
Other expenses	3	<u>117.0</u>	<u>9.0</u>	<u>126.0</u>	<u>115.3</u>
<b>Operating profit</b>	2 & 3	<u><b>31.3</b></u>	<u><b>1.5</b></u>	<b>32.8</b>	<b>28.6</b>
Loss on disposal or termination of operations	20			2.4	0.2
Amounts written off investments				2.2	2.5
Loss on disposal of fixed assets				0.1	0.4
Bid defence costs				<u>4.1</u>	<u>—</u>
<b>Profit on ordinary activities before interest</b>				<b>24.0</b>	<b>25.5</b>
Net interest payable	6			<u>8.1</u>	<u>5.5</u>
<b>Profit on ordinary activities before taxation</b>	2			<b>15.9</b>	<b>20.0</b>
Taxation on profit on ordinary activities	7			<u>2.0</u>	<u>2.3</u>
<b>Profit on ordinary activities after taxation</b>				<b>13.9</b>	<b>17.7</b>
Dividends on equity and non-equity shares	8			<u>17.7</u>	<u>17.6</u>
<b>Transfer (from) to reserves</b>	9			<u><b>(3.8)</b></u>	<u><b>0.1</b></u>
<b>Earnings per ordinary share</b>	10				
Including bid defence costs:					
Undiluted				1.1p	3.1p
Diluted				<u>5.0p</u>	<u>6.2p</u>
Excluding bid defence costs:					
Undiluted				3.2p	3.1p
Diluted				<u>6.3p</u>	<u>6.2p</u>
<b>Dividends per ordinary share</b>	8			<u><b>3.0p</b></u>	<u><b>3.0p</b></u>

# Consolidated balance sheet at 31 December 1995

	Note	1995 £ million	1995 £ million	1994 £ million	1994 £ million
<b>Fixed assets</b>					
Tangible assets	11		139.3		144.2
Investments	12		11.8		15.6
			151.1		159.8
<b>Current assets</b>					
Stocks	13	191.2		180.9	
Debtors - due within one year	14	678.2		523.3	
- due after one year	14	36.5		73.7	
Cash at bank and in hand		163.7		124.5	
		1,069.6		902.4	
<b>Creditors: due within one year</b>	15	841.3		625.9	
<b>Net current assets</b>			228.3		276.5
<b>Total assets less current liabilities</b>			379.4		436.3
<b>Creditors: due after one year</b>	16		160.1		202.9
			219.3		233.4
<b>Capital and reserves</b>					
Called up share capital	18		188.2		187.4
Special reserve	19		4.3		16.3
Revaluation reserve	19		14.3		14.5
Profit and loss account	19		12.5		15.2
			219.3		233.4
<b>Attributable to:</b>					
Equity shareholders' funds			54.1		68.5
Non-equity shareholders' funds			165.2		164.9
			219.3		233.4


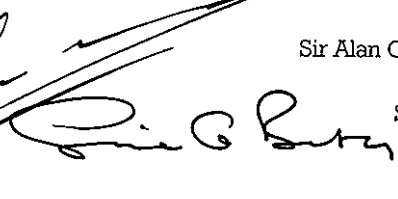
The accounts on pages 32 to 53 were approved by the board of directors on 11 April 1996 and were signed on its behalf by:

 Sir Alan Cockshaw, director  
 S G Batey, director

# Company balance sheet at 31 December 1995

	Note	1995 £ million	1995 £ million	1994 £ million	1994 £ million
<b>Fixed assets</b>					
Tangible assets	11		6.0		5.2
Investments in subsidiary undertakings	12		389.5		426.0
Other investments	12		4.7		6.9
			<u>400.2</u>		<u>438.1</u>
<b>Current assets</b>					
Debtors - due within one year	14	15.7		16.2	
- due after one year	14	4.4		2.0	
Cash at bank and in hand		<u>44.5</u>		<u>51.1</u>	
		64.6		69.3	
<b>Creditors: due within one year</b>	15	<u>35.7</u>		<u>49.2</u>	
Net current assets			<u>28.9</u>		<u>20.1</u>
<b>Total assets less current liabilities</b>			<u>429.1</u>		<u>458.2</u>
<b>Creditors: due after one year</b>	16		<u>47.4</u>		<u>63.6</u>
			<u>381.7</u>		<u>394.6</u>
<b>Capital and reserves</b>					
Called up share capital	18		188.2		187.4
Special reserve	19		128.1		128.9
Revaluation reserve	19		(0.4)		(0.2)
Profit and loss account	19		<u>65.8</u>		<u>78.5</u>
			<u>381.7</u>		<u>394.6</u>
<b>Attributable to:</b>					
Equity shareholders' funds			216.5		229.7
Non-equity shareholders' funds			<u>165.2</u>		<u>164.9</u>
			<u>381.7</u>		<u>394.6</u>

The accounts on pages 32 to 53 were approved by the board of directors on 11 April 1996 and were signed on its behalf by:

 Sir Alan Cockshaw, director  
 S G Batey, director

# Consolidated cash flow statement for the year ended 31 December 1995

	Note	1995 £ million	1995 £ million	1994 £ million	1994 £ million
<b>Net cash inflow (outflow) from operating activities</b>	21		99.6		(0.8)
<b>Returns on investments and servicing of finance</b>					
Interest received		7.8		8.2	
Interest paid		(15.6)		(13.4)	
Dividends received from associated undertakings and investments		3.2		2.1	
Dividends paid		(18.1)		(14.2)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(22.7)		(17.3)
<b>Total net tax paid</b>			(1.8)		(1.1)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(27.4)		(32.9)	
Purchase of subsidiary undertakings	20	1.0		(2.0)	
Purchase of associated undertakings		(2.1)		(3.4)	
Purchase of short-term investments		(21.7)		(16.4)	
Disposal of tangible fixed assets		12.2		21.9	
Disposal of subsidiary undertakings		(2.4)		1.0	
Disposal of associated undertakings and fixed asset investments		—		17.6	
Disposal of short-term investments		19.1		15.8	
<b>Net cash (outflow) inflow from investing activities</b>			(21.3)		1.6
<b>Net cash inflow (outflow) before financing</b>			53.8		(17.6)
<b>Financing</b>					
Issue of ordinary share capital		0.9		—	
Proceeds of long-term borrowings		9.2		77.9	
Repayment of long-term borrowings		(32.4)		(77.1)	
<b>Net cash (outflow) inflow from financing</b>	22		(22.3)		0.8
<b>Increase (decrease) in cash and cash equivalents</b>	23		31.5		(16.8)

## Consolidated statement of total recognised gains and losses for the year ended 31 December 1995

	1995 £ million	1994 £ million
Profit for the financial year	13.9	17.7
Property revaluation	-	(1.9)
Exchange and other movements	(0.3)	(2.0)
Total recognised gains and losses for the year	<u>13.6</u>	<u>13.8</u>

## Note of historical cost profits and losses for the year ended 31 December 1995

There is no material difference between the reported results and the results calculated on an unmodified historical cost basis.

## Reconciliation of movements in consolidated shareholders' funds for the year ended 31 December 1995

	1995 £ million	1994 £ million
Shareholders' funds at 1 January	233.4	239.1
Profit for the financial year	13.9	17.7
Dividends	(17.7)	(17.6)
Goodwill on acquisitions and disposals - note 20	(11.2)	(3.1)
Issue of ordinary share capital	0.9	-
Property revaluation	-	(1.9)
Exchange and other adjustments	-	(0.8)
Shareholders' funds at 31 December	<u>219.3</u>	<u>233.4</u>

## Notes to the accounts

### 1 Accounting policies

#### Basis of presentation

##### Accounting convention

The accounts have been prepared under the historical cost convention modified to include the revaluation of certain fixed assets. Except as stated in the depreciation policy note, they have been prepared in accordance with applicable accounting standards and with the Companies Act 1985.

##### Basis of consolidation

The group accounts include the accounts of AMEC p.l.c. and all of its subsidiary undertakings made up to 31 December each year and the group's share of the results and net assets of associated undertakings based on the equity accounting method. Unincorporated joint ventures are accounted for on the proportional consolidation method.

The company has not presented its own profit and loss account as permitted by section 230 of the Companies Act 1985.

##### Turnover

Turnover represents sales and value of work done excluding all internal transactions within the group.

##### Stocks

Stocks are stated at the lower of cost and net realisable value.

##### Long-term contracts

Amounts recoverable on long-term contracts are stated at cost plus attributable profits less provision for any known or anticipated losses and payments on account and are included in debtors.

Payments on account in excess of amounts recoverable on long-term contracts are included in creditors.

##### Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

##### Pensions

Contributions to pension schemes are allocated to the profit and loss account so as to maintain a substantially level percentage of relevant payroll costs over the normal expected service lives of employees.

#### Research and development

Research and development expenditure is written off as incurred.

#### Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Trading results are translated at average rates for the year. Exchange differences arising on the retranslation of foreign currency net investments are taken directly to reserves. Other exchange differences are taken to the profit and loss account in the year.

#### Goodwill

Goodwill, representing the excess of the purchase consideration over the fair value of net assets acquired, is charged to reserves.

Where a business is sold, the profit or loss on disposal includes the attributable amount of goodwill previously charged to reserves.

#### Depreciation

Depreciation is provided on all tangible assets, other than freehold land, investment properties and assets in the course of construction, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its anticipated useful life, as follows:

Freehold buildings	50 years
Leasehold land and buildings	the shorter of the lease term or 50 years
Plant and equipment	mainly three to five years

The treatment adopted in respect of investment properties may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is, therefore, necessary for the accounts to give a true and fair view. Depreciation is only one of many factors reflected in periodic valuations and the amount which might otherwise have been shown cannot be separately identified or quantified.

#### Leases

Operating lease costs are charged to the profit and loss account in the period in which they are incurred. Assets held under finance leases are included in tangible fixed assets at cost and depreciated over their anticipated useful lives: the finance element of lease payments is charged to the profit and loss account.

## Notes to the accounts

### 2 Analysis by class of business and geographical origin

	Turnover 1995 £ million	Turnover 1994 £ million	Profit (loss) 1995 £ million	Profit (loss) 1994 £ million	Net assets 1995 £ million	Net assets 1994 £ million
By class of business:						
Construction	1,113.8	693.4	11.9	5.7	(60.0)	(6.7)
Manufacturing and services	157.1	133.4	6.1	5.1	35.6	39.0
Mechanical and electrical	578.2	483.1	19.5	12.9	26.1	25.8
Process and energy	525.4	508.6	(7.3)	7.7	45.3	76.8
Housing and development	168.8	205.6	2.6	(2.8)	173.5	160.5
Internal trading	(92.0)	(61.7)	-	-	-	-
	<u>2,451.3</u>	<u>1,962.4</u>	<u>32.8</u>	<u>28.6</u>	<u>220.5</u>	<u>295.4</u>
Loss on disposal or termination of operations	-	-	(2.4)	(0.2)	-	-
Amounts written off investments	-	-	(2.2)	(2.5)	-	-
Loss on disposal of fixed assets	-	-	(0.1)	(0.4)	-	-
Bid defence costs	-	-	(4.1)	-	-	-
Net interest payable	-	-	(8.1)	(5.5)	-	-
Unallocated net liabilities	-	-	-	-	(1.2)	(62.0)
	<u>2,451.3</u>	<u>1,962.4</u>	<u>15.9</u>	<u>20.0</u>	<u>219.3</u>	<u>233.4</u>
By geographical origin:						
United Kingdom	1,736.5	1,595.9	27.6	23.6	210.6	257.9
Europe	173.9	149.0	1.6	4.2	6.8	17.3
Americas	354.2	102.0	1.5	(0.2)	8.9	9.7
Middle East, Asia and Australasia	186.7	115.5	2.1	1.0	(5.8)	10.5
	<u>2,451.3</u>	<u>1,962.4</u>	<u>32.8</u>	<u>28.6</u>	<u>220.5</u>	<u>295.4</u>
Loss on disposal or termination of operations	-	-	(2.4)	(0.2)	-	-
Amounts written off investments	-	-	(2.2)	(2.5)	-	-
Loss on disposal of fixed assets	-	-	(0.1)	(0.4)	-	-
Bid defence costs	-	-	(4.1)	-	-	-
Net interest payable	-	-	(8.1)	(5.5)	-	-
Unallocated net liabilities	-	-	-	-	(1.2)	(62.0)
	<u>2,451.3</u>	<u>1,962.4</u>	<u>15.9</u>	<u>20.0</u>	<u>219.3</u>	<u>233.4</u>

Certain businesses have been disposed of or terminated during the year, none of which falls within the materiality definition of discontinued operations. Accordingly, information disclosed in the consolidated profit and loss account includes the results of business disposals and terminations during the year.

The analysis of turnover by geographical market is not materially different from that by geographical origin.



# Notes to the accounts

## 3 Operating profit

	1995 £ million	1994 £ million
Operating profit is stated after charging:		
Other expenses - administrative expenses	135.5	124.5
- share of results of associated undertakings	(9.5)	(9.2)
	<u>126.0</u>	<u>115.3</u>
Depreciation	23.0	25.1
Hire of plant and equipment	57.0	49.9
Property lease rentals	15.0	14.4
Auditors' remuneration - audit fees	1.0	0.9
- other fees	0.7	0.4

## 4 Directors

	1995 £	1994 £
Remuneration including contributions to pension schemes:		
Fees to non-executive directors	107,016	73,057
Executive directors - emoluments	1,467,808	1,241,796
- pension contributions	134,000	137,427
Compensation for loss of office	-	332,500
	<u>1,708,824</u>	<u>1,784,780</u>
Chairman and highest paid director:		
Salary and benefits in kind	270,333	235,755
Bonus	126,340	-
Pension contributions	31,200	27,350
	<u>427,873</u>	<u>263,105</u>

The emoluments (excluding pensions contributions) of all the directors fell within the following ranges:

£	Number	Number
10,001 - 15,000	2	-
15,001 - 20,000	2	4
30,001 - 35,000	-	1
45,001 - 50,000	1	-
60,001 - 65,000	2	-
80,001 - 85,000	-	1
100,001 - 105,000	-	1
130,001 - 135,000	-	1
135,001 - 140,000	-	1
140,001 - 145,000	-	1
160,001 - 165,000	-	1
165,001 - 170,000	1	-
170,001 - 175,000	1	-
190,001 - 195,000	1	-
200,001 - 205,000	1	-
210,001 - 215,000	1	-
215,001 - 220,000	-	1
235,001 - 240,000	-	1
395,001 - 400,000	1	-

## Notes to the accounts

### 5 Staff costs

	1995 £ million	1994 £ million
Wages and salaries	498.2	474.0
Social security costs	46.6	44.5
Other pension costs	16.3	17.9
	<u>561.1</u>	<u>536.4</u>

The average number of people employed during the year was:

	Number	Number
Construction	5,804	5,224
Manufacturing and services	2,411	2,269
Mechanical and electrical	6,718	6,688
Process and energy	6,124	6,462
Housing and development	587	532
	<u>21,644</u>	<u>21,175</u>

### 6 Net interest payable

	1995 £ million	1994 £ million
Interest payable:		
On loans wholly repayable within five years:		
- not by instalments	15.9	12.7
- by instalments	0.3	0.8
	<u>16.2</u>	<u>13.5</u>
Interest and similar income receivable:		
Bank and short-term deposits	6.5	4.4
Associated undertakings	0.7	2.0
Other	0.9	1.6
	<u>8.1</u>	<u>8.0</u>
Net interest payable	<u>8.1</u>	<u>5.5</u>

## Notes to the accounts

### 7 Taxation on profit on ordinary activities

	1995 £ million	1994 £ million
The taxation charge (credit) is made up as follows:		
Based on the result for the year:		
Corporation tax	(0.2)	(2.9)
Double taxation relief	(0.8)	(0.7)
Associated undertakings	3.7	3.7
Overseas taxation	(0.8)	1.5
Irrecoverable advance corporation tax written off	—	2.2
	<u>1.9</u>	<u>3.8</u>
Taxation under (over) provided in previous years	0.1	(1.5)
	<u>2.0</u>	<u>2.3</u>

Taxation for the year has been provided at the rate of 33.0% (1994 - 33.0%).

### 8 Dividends

	1995 pence per share	1994 pence per share	1995 £ million	1994 £ million
Equity shares:				
Ordinary shares:				
Interim payable	1.50	1.50	3.0	3.0
Final proposed	1.50	1.50	3.1	3.0
	<u>3.00</u>	<u>3.00</u>	<u>6.1</u>	<u>6.0</u>
Non-equity shares:				
Convertible redeemable preference shares:				
Paid 1 May 1995	3.25	3.25	5.6	5.6
Paid 1 November 1995	3.25	3.25	5.6	5.6
FRS 4 finance cost	—	—	0.4	0.4
	<u>6.50</u>	<u>6.50</u>	<u>11.6</u>	<u>11.6</u>
Total dividends			<u>17.7</u>	<u>17.6</u>

## Notes to the accounts

### 9 Transfer (from) to reserves

	1995 £ million	1994 £ million
Dealt with in the accounts of AMEC p.l.c.	(14.7)	0.4
Retained by subsidiary undertakings	5.5	(3.5)
Retained by associated undertakings	5.4	3.2
	<u>(3.8)</u>	<u>0.1</u>

### 10 Earnings per ordinary share

Undiluted earnings per ordinary share are calculated on earnings of **£2.3 million** (including bid defence costs) and on earnings of **£6.4 million** (excluding bid defence costs) (1994 - £6.2 million) and, in each case, on a weighted average of 202,579,268 (1994 - 202,243,616) ordinary shares.

Diluted earnings per ordinary share are calculated on earnings of **£15.2 million** (including bid defence costs) and on earnings of **£19.3 million** (excluding bid defence costs) (1994 - £18.7 million) and, in each case, on a weighted average of 303,695,648 (1994 - 300,434,498) ordinary shares which allows for conversion of all the convertible redeemable preference shares in issue and the allotment of ordinary shares under employee share option schemes.

### 11 Tangible assets

	Land and buildings £ million	Plant and equipment £ million	Total £ million
<b>Group:</b>			
Cost or valuation:			
At 1 January 1995	95.5	196.4	291.9
Subsidiaries acquired	0.4	0.5	0.9
Additions and transfers	1.7	26.2	27.9
Disposals and transfers	(3.1)	(28.8)	(31.9)
Exchange and other movements	1.2	0.7	1.9
At 31 December 1995	<u>95.7</u>	<u>195.0</u>	<u>290.7</u>
Depreciation:			
At 1 January 1995	5.3	142.4	147.7
Provided during the year	2.0	21.0	23.0
Disposals and transfers	(0.9)	(18.8)	(19.7)
Exchange and other movements	0.1	0.3	0.4
At 31 December 1995	<u>6.5</u>	<u>144.9</u>	<u>151.4</u>
Net book value:			
At 31 December 1995	<u>89.2</u>	<u>50.1</u>	<u>139.3</u>
At 31 December 1994	<u>90.2</u>	<u>54.0</u>	<u>144.2</u>

# Notes to the accounts

## 11 Tangible assets (continued)

### Company:

	Land and buildings £ million	Plant and equipment £ million	Total £ million
Cost or valuation:			
At 1 January 1995	5.3	1.5	6.8
Additions and transfers	1.7	0.5	2.2
Disposals and transfers	(0.8)	(0.3)	(1.1)
At 31 December 1995	6.2	1.7	7.9
Depreciation:			
At 1 January 1995	0.3	1.3	1.6
Provided during the year	0.2	0.1	0.3
At 31 December 1995	0.5	1.4	1.9
Net book value:			
At 31 December 1995	5.7	0.3	6.0
At 31 December 1994	5.0	0.2	5.2

Group 1995 £ million	Group 1994 £ million	Company 1995 £ million	Company 1994 £ million
----------------------------	----------------------------	------------------------------	------------------------------

The net book value of land and buildings comprises:

Freehold	83.5	84.4	5.2	4.5
Long leasehold	4.2	4.5	0.2	0.2
Short leasehold	1.5	1.3	0.3	0.3
	89.2	90.2	5.7	5.0

Land and buildings are stated at:

Valuation 1989	1.2	1.2	0.4	0.4
Valuation 1994	68.8	70.6	5.5	4.9
Cost	25.7	23.7	0.3	—
	95.7	95.5	6.2	5.3

## Notes to the accounts

### 11 Tangible assets (continued)

Freehold and long leasehold properties situated in the United Kingdom were valued at 31 December 1994 by Richard Ellis Regional Limited, chartered surveyors, on an open market value existing use basis or at depreciated replacement cost in the sum of £70.0 million.

One investment property was valued at 31 December 1994 by the group property manager, a chartered surveyor, on an open market value basis in the sum of £0.6 million.

No provision has been made for the tax liability which may arise in the event that certain properties are disposed of at their revalued amounts.

The amount of land and buildings, included at valuation, determined according to the historical cost convention, is as follows:

	Group 1995 £ million	Group 1994 £ million	Company 1995 £ million	Company 1994 £ million
Cost	66.0	69.9	7.1	6.0
Depreciation	15.6	16.5	1.1	0.9
Net book value	<u>50.4</u>	<u>53.4</u>	<u>6.0</u>	<u>5.1</u>
Fixed assets not depreciated:				
Land	26.8	26.1	1.1	1.4
Investment properties	5.4	6.1	1.2	—
	<u>32.2</u>	<u>32.2</u>	<u>2.3</u>	<u>1.4</u>
Assets acquired under finance leases:				
Cost or valuation	3.0	7.5	—	—
Accumulated depreciation	1.3	3.0	—	—
Net book value	<u>1.7</u>	<u>4.5</u>	<u>—</u>	<u>—</u>
Depreciation charge for the year	<u>1.2</u>	<u>1.5</u>	<u>—</u>	<u>—</u>

### 12 Investments (held as fixed assets)

#### Investments in subsidiary undertakings

	Company 1995 £ million	Company 1994 £ million
Shares at cost less amounts written off	569.0	314.3
Amounts owed by subsidiary undertakings	—	111.7
Amounts owed to subsidiary undertakings	(179.5)	—
	<u>389.5</u>	<u>426.0</u>

The principal movement in the year in shares at cost less amounts written off and group indebtedness is due to the increase in issued share capital of AMEC Finance Limited amounting to £250 million.

## Notes to the accounts

### 12 Investments (held as fixed assets) (continued)

	Group Associated undertakings £ million	Group Other investments £ million	Company Associated undertakings £ million	Company Other investments £ million
<b>Other investments</b>				
Net book value at 1 January 1995 - as previously stated	(0.8)	4.4	2.9	4.0
Transfer from debtors	12.0	-	-	-
As restated	11.2	4.4	2.9	4.0
Additions and transfers	4.5	0.4	0.8	0.4
Disposals and transfers	(6.8)	-	(1.8)	-
Amounts written off	-	(2.2)	-	(2.2)
Net movement in share of reserves	0.3	-	0.6	-
Net book value at 31 December 1995	9.2	2.6	2.5	2.2
Represented by:				
Shares at cost less amounts written off	11.1	2.6	2.5	2.2
Share of post acquisition reserves	(1.9)	-	-	-
	9.2	2.6	2.5	2.2
Investment listed on a United Kingdom Stock Exchange:				
Cost less amounts written off	-	2.2	-	2.2
Market value	-	0.4	-	0.4

The transfer from debtors represents the extent of loans advanced to associated undertakings required to offset the group's share of deficits of post acquisition reserves.

Principal group undertakings are listed on pages 56 and 57.

### 13 Stocks

	Group 1995 £ million	Group 1994 £ million
Development land and work in progress	171.3	161.4
Raw materials and consumables	10.0	8.6
Other work in progress	1.9	2.1
Finished goods and goods for resale	8.0	8.8
	191.2	180.9

## Notes to the accounts

### 14 Debtors

	Group 1995 £ million	Group 1994 £ million	Company 1995 £ million	Company 1994 £ million
<b>Due within one year:</b>				
Amounts recoverable on contracts	253.4	245.9	—	—
Trade debtors	376.8	225.0	0.6	0.4
Amounts owed by subsidiary undertakings	—	—	5.3	6.1
Amounts owed by associated undertakings	19.1	20.6	4.4	4.4
Other debtors	16.9	20.8	3.6	4.0
Prepayments and accrued income	12.0	11.0	1.8	1.3
	<u>678.2</u>	<u>523.3</u>	<u>15.7</u>	<u>16.2</u>
<b>Due after one year:</b>				
Amounts recoverable on contracts	—	1.7	—	—
Trade debtors	28.6	67.6	—	—
Amounts owed by associated undertakings	2.2	2.2	1.7	1.0
Other debtors	2.0	0.7	—	0.4
Prepayments and accrued income	3.7	1.5	2.7	0.6
	<u>36.5</u>	<u>73.7</u>	<u>4.4</u>	<u>2.0</u>
	<u>714.7</u>	<u>597.0</u>	<u>20.1</u>	<u>18.2</u>

### 15 Creditors: due within one year

	Group 1995 £ million	Group 1994 £ million	Company 1995 £ million	Company 1994 £ million
Bank loans and overdrafts	37.2	35.5	2.7	3.0
Trade creditors	562.1	393.3	19.3	32.3
Payments on account	107.8	56.9	—	—
Amounts owed to associated undertakings	0.2	19.4	0.1	—
Corporation tax	2.9	2.1	1.3	1.5
Other taxation and social security costs	36.9	30.4	0.7	0.9
Other creditors	36.7	33.5	1.0	0.8
Accruals and deferred income	50.3	46.9	3.4	2.8
Dividends	7.2	7.9	7.2	7.9
	<u>841.3</u>	<u>625.9</u>	<u>35.7</u>	<u>49.2</u>



## Notes to the accounts

### 16 Creditors: due after one year

	Group 1995 £ million	Group 1994 £ million	Company 1995 £ million	Company 1994 £ million
Loans repayable:				
- between one and two years	111.6	0.5	47.4	-
- between two and five years	0.4	128.9	-	63.6
	112.0	129.4	47.4	63.6
Trade creditors	37.2	68.6	-	-
Payments on account	2.1	-	-	-
Other creditors	5.5	1.6	-	-
Accruals and deferred income	3.3	3.3	-	-
	160.1	202.9	47.4	63.6
Loans are denominated in:				
Pounds sterling	79.0	104.1	14.7	38.7
US dollars	9.7	9.6	9.7	9.6
German marks	13.5	12.8	13.5	12.4
Norwegian krone	5.2	2.9	5.2	2.9
Australian dollars	4.3	-	4.3	-
Other currencies	0.3	-	-	-
	112.0	129.4	47.4	63.6

Interest payments on all loans vary with market rates. At 31 December 1995 the average rate payable on all loans was 7.3% (1994 - 6.6%).

Loans amounting to £111.2 million (company - £47.4 million) mature within one year (1994 - group £128.3 million and company £63.6 million). They represent advances against facilities available to the group until at least June 1997 under which such loans may be refinanced on a continuing basis.

### 17 Provision for liabilities and charges

	Group 1995 £ million	Group 1994 £ million	Company 1995 £ million	Company 1994 £ million
Deferred taxation:				
Short-term timing differences	4.7	1.8	4.7	1.6
Losses carried forward	(4.7)	(1.8)	(4.7)	(1.6)
	-	-	-	-

There is no unprovided deferred taxation liability.

## Notes to the accounts

### 18 Share capital

The authorised share capital of the company is £250.0 million (1994 - £250.0 million).

	1995 £ million	1994 £ million
Allotted, called up and fully paid:		
Equity share capital:		
Ordinary shares of 50p each	102.0	101.2
Non-equity share capital:		
6.5p (net) cumulative convertible redeemable preference shares of 50p each	86.2	86.2
	<u>188.2</u>	<u>187.4</u>

	Ordinary shares number	Ordinary shares £ million	Preference shares number	Preference shares £ million
Movements in share capital during the year:				
At 1 January 1995	202,369,563	101.2	172,460,783	86.2
Conversion of preference shares to ordinary shares:				
21 June 1995	6,547	-	(13,422)	-
4 December 1995	1,664	-	(3,412)	-
Scrip dividends:				
12 June 1995	213,716	0.1	-	-
8 December 1995	1,326,713	0.7	-	-
At 31 December 1995	<u>203,918,203</u>	<u>102.0</u>	<u>172,443,949</u>	<u>86.2</u>

The following is a summary of the rights under the company's articles of association relating to voting, income and capital, conversion and redemption which attach to the preference shares.

#### Voting

The preference shares entitle the holders thereof to attend and vote at any general meeting of the company and, on a show of hands, every holder of preference shares who is present in person has one vote and, on a poll, every such person who is present in person or by proxy has one vote for each preference share of which he is the holder.

#### Income and capital

Income: the preference shares carry the right to a fixed annual cumulative preferential dividend of 6.5p (net) per share payable in arrears in equal instalments on 1 May and 1 November in each year.

Capital: the preference shares rank ahead of the ordinary shares on a winding-up or other return of capital (other than by conversion, redemption or purchase of

shares) in respect of 100p per share together with any arrears and accruals of dividend to the date of repayment.

#### Conversion

The preference shares are convertible at the option of the holder on the basis of 48.78 ordinary shares for every 100 preference shares (and so in proportion for any lesser or greater number) on 31 May (or if later, five weeks after the posting of the annual report and accounts for the most recently ended financial year) and 30 November in each year to 2008. In the event of conversion of 75 per cent of the preference shares, the company has the right, compulsorily, to convert the balance outstanding.

#### Redemption

Subject to the provisions of the Companies Act, the company shall redeem on 1 May 2009 any preference shares which remain in issue and outstanding on that date. The preference shares so redeemed will be redeemed at 100p per share together with any arrears and accruals of dividend to the date of redemption.

## Notes to the accounts

### 18 Share capital (continued)

#### Share options

During the year under review, further options were granted in respect of 1,997,309 ordinary shares under the AMEC Savings Related Share Option Scheme and in respect of 2,316,000 ordinary shares under the AMEC Executive Share Option Scheme 1995.

Option price per ordinary share	Number of shares
---------------------------------------	---------------------

At 31 December 1995 share options were outstanding as follows:

#### Savings Related Share Option Scheme

Normally exercisable in the period between:

September 1995 and February 1996	173.37p	390,339
September 1996 and February 1997	188.00p	1,312,060
September 1997 and February 1998	139.00p	2,597,975
September 1999 and February 2000	112.00p	2,262,809
September 2000 and February 2001	58.00p	1,963,777

#### Executive Share Option Schemes

Normally exercisable in the period between:

April 1989 and April 1996	131.23p	239,096
July 1989 and July 1996	145.99p	125,650
April 1990 and April 1997	159.00p	562,828
October 1990 and October 1997	241.56p	116,631
April 1991 and April 1998	183.91p	635,161
May 1991 and May 1998	160.69p	37,608
August 1991 and August 1998	174.33p	90,828
May 1992 and May 1999	222.22p	271,440
May 1993 and May 2000	185.34p	83,520
May 1994 and May 2001	218.00p	1,895,000
May 1995 and May 2002	160.00p	1,637,500
May 1997 and May 2004	118.00p	460,000
October 1998 and October 2005	60.00p	2,316,000

Currently there are 2,774 participants in the Savings Related Scheme and 145 participants in Executive Schemes.

No shares were allotted during the year under the provisions of either the Savings Related Scheme or the Executive Schemes.

The market value of the ordinary shares at 31 December 1995 was 94p (ex-dividend) (1994 - 69p (ex-dividend)).

## Notes to the accounts

### 19 Reserves

	Special reserve £ million	Revaluation reserve £ million	Profit and loss account £ million	Total reserves £ million
<b>Group:</b>				
At 1 January 1995	16.3	14.5	15.2	46.0
Retained loss	-	-	(3.8)	(3.8)
Goodwill	(11.2)	-	-	(11.2)
Ordinary shares issued in lieu of dividends	(0.8)	-	0.9	0.1
FRS 4 finance cost	-	-	0.4	0.4
Exchange and other movements	-	(0.2)	(0.2)	(0.4)
At 31 December 1995	<u>4.3</u>	<u>14.3</u>	<u>12.5</u>	<u>31.1</u>

	Special reserve £ million	Revaluation reserve £ million	Profit and loss account £ million	Total reserves £ million
<b>Company:</b>				
At 1 January 1995	128.9	(0.2)	78.5	207.2
Retained loss	-	-	(14.7)	(14.7)
Ordinary shares issued in lieu of dividends	(0.8)	-	0.9	0.1
FRS 4 finance cost	-	-	0.4	0.4
Exchange and other movements	-	(0.2)	0.7	0.5
At 31 December 1995	<u>128.1</u>	<u>(0.4)</u>	<u>65.8</u>	<u>193.5</u>

### 20 Acquisitions, disposals and terminations

In January 1995, the group acquired for £15.5 million the outstanding 50 per cent interest in Morse Diesel International. Previously accounted for as an associate undertaking, the company is now consolidated as a wholly owned subsidiary undertaking. Other acquisitions in the year amounted to £0.3 million. Acquisition accounting has been used to account for all purchases. No fair value or other adjustments to the net assets acquired were considered necessary.

	£ million	£ million
Net assets acquired:		
Tangible fixed assets		0.9
Investments in associated undertakings		(2.4)
Debtors		75.1
Creditors		(74.6)
Cash at bank and in hand		18.1
Loans and overdrafts		<u>(12.5)</u>
		4.6
Consideration:		
Cash	4.6	
Deferred	4.0	
Investment in Morse Diesel International	<u>7.2</u>	<u>15.8</u>
Goodwill on acquisition		<u>11.2</u>

The amount of deferred consideration payable will depend on the future performance of Morse Diesel International.

## Notes to the accounts

### 20 Acquisitions, disposals and terminations (continued)

	£ million
Net inflow in cash and cash equivalents relating to acquisitions:	
Cash consideration	(4.6)
Cash acquired	18.1
Loans and overdrafts acquired	(12.5)
	<u>1.0</u>

The profit after taxation of Morse Diesel International for the year ended 31 December 1994 was £0.2 million.

During the year, the group discontinued construction activities in certain territories in Australia at a net cost of £2.4 million.

Cumulative goodwill, after merger relief of £52.9 million (1994 - £52.9 million), written off to group reserves, net of that attributed to disposals, amounted to £123.8 million (1994 - £112.6 million).

### 21 Reconciliation of operating profit to net cash inflow (outflow) from operating activities

	1995 £ million	1994 £ million
Operating profit	32.8	28.6
Associated undertakings	(9.5)	(9.2)
Bid defence costs	(4.1)	-
Depreciation of fixed assets	23.0	25.1
(Increase) decrease in stocks	(10.2)	27.7
Increase in debtors	(60.7)	(82.1)
Increase in creditors	129.3	11.2
Exchange and other movements	(1.0)	(2.1)
Net cash inflow (outflow) from operating activities	<u>99.6</u>	<u>(0.8)</u>

### 22 Analysis of changes in financing during the year

	Share capital 1995 £ million	Borrowings 1995 £ million	Share capital 1994 £ million	Borrowings 1994 £ million
At 1 January 1995	187.4	145.8	187.5	144.1
Cash inflow (outflow) from financing	0.9	(23.2)	-	0.8
Inception of finance leases	-	0.7	-	1.3
Exchange and other movements	(0.1)	1.8	(0.1)	(0.4)
At 31 December 1995	<u>188.2</u>	<u>125.1</u>	<u>187.4</u>	<u>145.8</u>

	1995 £ million	1994 £ million
Borrowings comprise:		
Loans repayable after more than one year	112.0	129.4
Loans repayable within one year where the original maturity date exceeded three months	10.8	13.3
Finance leases	2.3	3.1
	<u>125.1</u>	<u>145.8</u>

## Notes to the accounts

### 23 Analysis of changes in cash and cash equivalents

	Short-term investments £ million	Cash £ million	Overdrafts £ million	Net cash and cash equivalents £ million
At 1 January 1994	19.9	116.3	(18.0)	98.3
Net cash inflow (outflow)	0.6	(12.3)	(4.5)	(16.8)
Exchange and other movements	—	—	0.3	0.3
At 1 January 1995	20.5	104.0	(22.2)	81.8
Net cash inflow (outflow)	2.6	35.6	(4.1)	31.5
Exchange and other movements	0.2	0.8	(0.1)	0.7
At 31 December 1995	<u>23.3</u>	<u>140.4</u>	<u>(26.4)</u>	<u>114.0</u>

### 24 Capital commitments

	Group 1995 £ million	Group 1994 £ million
Contracted but not provided in accounts	<u>1.3</u>	<u>1.7</u>
Authorised by the directors but not contracted	<u>1.1</u>	<u>2.1</u>

### 25 Lease commitments

	Land and buildings 1995 £ million	Plant and equipment 1995 £ million	Land and buildings 1994 £ million	Plant and equipment 1994 £ million
Current annual commitments payable under non-cancellable operating leases expiring:				
Group:				
Under one year	3.0	0.1	1.9	0.5
Between two and five years	3.9	4.9	5.6	2.7
After five years	6.9	—	5.4	—
	<u>13.8</u>	<u>5.0</u>	<u>12.9</u>	<u>3.2</u>
Company:				
Between two and five years	0.2	—	0.2	—
After five years	1.8	—	1.6	—
	<u>2.0</u>	<u>—</u>	<u>1.8</u>	<u>—</u>

## Notes to the accounts

### 25 Lease commitments (continued)

	Group 1995 £ million	Group 1994 £ million
<b>Obligations under finance leases due:</b>		
Under one year	1.2	1.9
Between two and five years	1.1	1.2
	<u>2.3</u>	<u>3.1</u>
Future finance charges	0.3	0.4
	<u>2.0</u>	<u>2.7</u>

### 26 Contingent liabilities

	Group 1995 £ million	Group 1994 £ million	Company 1995 £ million	Company 1994 £ million
Guarantees given in respect of borrowings of group undertakings	6.1	0.6	114.0	116.3

AMEC p.l.c. and certain subsidiary undertakings have given counter indemnities in respect of performance bonds issued on behalf of group undertakings in the normal course of business.

### 27 Pension arrangements

The group operates a number of pension schemes for United Kingdom and overseas employees. All United Kingdom members are in defined benefit schemes. Contributions paid by employees and employers are held in funds that are separate from the group's finances and which are administered by trustees. The total pension cost for the group was **£16.3 million** (1994 - £17.9 million). A prepayment of pension costs of **£2.7 million** (1994 - £0.6 million) is included in note 14 - Debtors due after one year - on page 46. Pension costs are assessed in accordance with the advice of independent qualified actuaries. The projected unit method is used to assess liabilities and future funding rates for the major scheme which covers 90.3 per cent of United Kingdom members. The latest actuarial valuation of this scheme was undertaken as at 1 April 1993. This showed that the market value of the assets was £357 million with the actuarial value of assets being sufficient to cover 110 per cent of the accrued benefits. Amortising the excess assets over the employees' working lives with the group results in the present employer contribution rate of 12 per cent of earnings. The valuation assumed that the investment returns would be two per cent higher than the rate of annual salary increases. An actuarial valuation at 1 April 1996 is currently being undertaken.

## Statement of directors' responsibilities for the preparation of accounts

The following statement should be read in conjunction with the report of the auditors set out below.

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;

- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They 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.

## Report of the auditors

To the members of AMEC p.l.c.



We have audited the accounts on pages 32 to 53. We have also examined the amounts disclosed relating to the emoluments and share options of the directors which form part of the report of the remuneration committee on pages 29 to 31.

### Respective responsibilities of directors and auditors

As described above, 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. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of 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 the group as 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.

A handwritten signature in dark ink, appearing to read 'KPMG' with a stylized flourish.

KPMG  
Chartered accountants  
Registered auditors

Leeds  
11 April 1996



## Five year record

	1995 £ million	1994 £ million	1993 £ million	1992 £ million	1991 £ million
<b>Consolidated results</b>					
Turnover	<b>2,451.3</b>	<b>1,962.4</b>	<b>2,186.4</b>	<b>2,123.2</b>	<b>2,339.6</b>
Profit (loss) before taxation	<b>15.9</b>	<b>20.0</b>	<b>20.4</b>	<b>(88.2)</b>	<b>(13.6)</b>
Taxation	<b>(2.0)</b>	<b>(2.3)</b>	<b>(2.5)</b>	<b>9.8</b>	<b>0.3</b>
Attributable profit (loss)	<b>13.9</b>	<b>17.7</b>	<b>17.9</b>	<b>(78.4)</b>	<b>(13.3)</b>
Dividends	<b>17.7</b>	<b>17.6</b>	<b>17.6</b>	<b>17.7</b>	<b>32.1</b>
Transfer (from) to reserves	<b>(3.8)</b>	<b>0.1</b>	<b>0.3</b>	<b>(96.1)</b>	<b>(45.4)</b>
Earnings (loss) per ordinary share:					
Undiluted	<b>1.1p</b>	<b>3.1p</b>	<b>3.2p</b>	<b>(44.6p)</b>	<b>(13.9p)</b>
Diluted	<b>5.0p</b>	<b>6.2p</b>	<b>6.4p</b>	<b>(25.4p)</b>	<b>(4.3p)</b>
Dividends per ordinary share	<b>3.0p</b>	<b>3.0p</b>	<b>3.0p</b>	<b>3.0p</b>	<b>10.25p</b>

## Summarised consolidated balance sheets

Assets employed:					
Fixed assets	<b>151.1</b>	<b>159.8</b>	<b>188.0</b>	<b>186.3</b>	<b>212.6</b>
Net current assets	<b>228.3</b>	<b>276.5</b>	<b>182.6</b>	<b>157.0</b>	<b>239.2</b>
	<b>379.4</b>	<b>436.3</b>	<b>370.6</b>	<b>343.3</b>	<b>451.8</b>
Financed by:					
Share capital	<b>188.2</b>	<b>187.4</b>	<b>187.5</b>	<b>187.3</b>	<b>186.9</b>
Reserves	<b>31.1</b>	<b>46.0</b>	<b>51.6</b>	<b>54.2</b>	<b>162.8</b>
Shareholders' funds	<b>219.3</b>	<b>233.4</b>	<b>239.1</b>	<b>241.5</b>	<b>349.7</b>
Loans	<b>112.0</b>	<b>129.4</b>	<b>95.0</b>	<b>69.2</b>	<b>52.8</b>
Other creditors	<b>48.1</b>	<b>73.5</b>	<b>36.5</b>	<b>32.6</b>	<b>49.3</b>
	<b>379.4</b>	<b>436.3</b>	<b>370.6</b>	<b>343.3</b>	<b>451.8</b>

## Notes

- 1 Dividends and earnings (loss) per ordinary share have been adjusted for capital issues.
- 2 The figures are stated in accordance with the accounting policies set out on page 37.

## Principal group undertakings at 31 December 1995

The principal subsidiary and associated undertakings which are, in the opinion of the directors, those principally affecting group trading results and net assets are listed below. All subsidiaries are wholly owned. Except where indicated, undertakings are incorporated in Great Britain, registered in England and Wales and carry on

their activities principally in their countries of incorporation. Shares are held directly by AMEC p.l.c. except where marked with an asterisk where they are held by subsidiaries. All holdings are of ordinary shares except where otherwise indicated. A full list of subsidiaries will be filed with the Registrar of Companies with the next annual return.

### Construction sector

AMEC Construction Limited	<i>Construction</i>
AMEC Building Limited	<i>Building</i>
AMEC Civil Engineering Limited	<i>Civil engineering</i>
AMEC Construction Scotland Limited (Scotland)	<i>Building and civil engineering</i>
AMEC Design and Management Limited	<i>Design and management</i>
AMEC International Construction Limited (operating outside the United Kingdom)	<i>Construction</i>
AMEC Mining Limited	<i>Opencast mining</i>
* AMEC Construction South East Asia Limited (Hong Kong)	<i>Construction</i>
* Gebrüder Kittelberger GmbH & Co. (Germany)	<i>Construction</i>
* Morse Diesel International Inc. (USA)	<i>Construction management</i>

### Manufacturing and services sector

AMEC Manufacturing and Services Limited	<i>Manufacturing and services</i>
AMEC Services Limited	<i>Plant, transport and inspection services</i>
CV Buchan Limited	<i>Precast concrete</i>
Denco Limited	<i>Building services equipment</i>
Franklin Hodge Industries Limited	<i>Storage vessels</i>
Travel Places (International) Limited	<i>Travel services</i>
Watson Steel Limited	<i>Fabricated steelwork</i>

### Mechanical and electrical sector

AMEC Mechanical and Electrical Services Limited	<i>Mechanical and electrical services</i>
AMEC Power Limited (Scotland)	<i>Power transmission and distribution</i>
AMEC Utilities Limited	<i>Ducting and pipeline installation and maintenance</i>
James Scott Limited (Scotland)	<i>Mechanical and electrical engineering</i>
Matthew Hall Limited	<i>Mechanical and electrical engineering and facilities management</i>
* AMEC Australia Pty Limited (Australia) (note 1)	<i>Mechanical and electrical engineering</i>
* AMEC Electrical and Mechanical Engineers Limited (Hong Kong)	<i>Mechanical and electrical engineering</i>
* AMEC Mechanical and Electrical Engineers Pte Limited (Singapore)	<i>Mechanical and electrical engineering</i>
* Fisk Electric Company (USA)	<i>Electrical engineering</i>

### Process and energy sector

AMEC Process and Energy Limited	<i>Engineering, construction and fabrication for the offshore and onshore process and energy industries</i>
* AMEC Engineering Nederland b.v. (Netherlands)	<i>Engineering, construction and project management</i>
* AMEC Process and Energy A/S (Norway)	<i>Engineering for the energy industries</i>

### Housing and development sector

AMEC Housing and Development Limited	<i>Commercial and residential property development</i>
AMEC Developments Limited	<i>Commercial property development</i>
Fairclough Homes Limited	<i>Residential property development</i>

## Principal group undertakings at 31 December 1995

### Group services

AMEC Finance Limited  
 AMEC Property and Overseas Investments Limited  
 Atlantic Services Limited (Bermuda)

*Group finance*  
*Group investments*  
*Insurance*

### Associated undertakings

\* Building and Property Management Services  
 Limited (50%) (note 2)  
 Ringway Developments PLC (21% - B shares) (note 3)  
 \* Gulliver Consolidated Limited (Zimbabwe)  
 (35%) (note 4)  
 \* Christiani-AMEC Asia Limited (Thailand)  
 (49% - B shares) (note 5)  
 Greater Manchester Metro Limited (28.6%) (note 6)

*Property and facilities management*  
  
*Commercial property development*  
*Civil engineering and transport contracting*  
  
*Civil engineering, power transmission and distribution*  
  
*Operation and maintenance of a light rapid transit system*

### Notes

- 1 The issued share capital of AMEC Australia Pty Limited is 62,930,001 ordinary shares of A\$1 each and 2,500 non-cumulative redeemable preference shares of A\$1 each.
- 2 The issued share capital of Building and Property Management Services Limited is two shares of £1 each.
- 3 The issued share capital of Ringway Developments PLC is 7,000,000 A shares of £1 each and 7,286,000 B shares of £1 each.
- 4 The issued share capital of Gulliver Consolidated Limited is 9,585,753 shares of Zimbabwean 50 cents each.
- 5 The issued share capital of Christiani-AMEC Asia Limited is 1,020,000 partly paid (baht 5) A ordinary shares of baht 10 each and 980,000 partly paid (baht 5) B ordinary shares of baht 10 each.
- 6 The issued share capital of Greater Manchester Metro Limited is 10,000 ordinary shares of 10p each and 10,000 preference shares of 10p each.
- 7 AMEC p.l.c. has representation on the board of each group undertaking.

## Notice of annual general meeting

Notice is hereby given that the 14th annual general meeting of AMEC p.l.c. will be held at the Holiday Inn Crowne Plaza Midland Hotel, Peter Street, Manchester, on Wednesday 5 June 1996, at 12.00 noon for the following purposes:

- 1 To consider the accounts and the reports of the directors and the auditors for the year ended 31 December 1995 and to approve a final dividend of 1.5p per ordinary share (Resolution 1).

- 2 To re-elect directors:

Mr S Gillibrand and Mr P J Mason, who retire in accordance with article 91 of the articles of association of the company (Resolutions 2 and 3).

Sir Alan Cockshaw and Mr S G Batey, who retire by rotation in accordance with article 85 of the articles of association of the company (Resolutions 4 and 5).

- 3 To consider and, if thought fit, to pass the following resolution:

That KPMG Audit Plc be and they are hereby appointed auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the company at a remuneration to be fixed by the directors (Resolution 6).

- 4 As special business, to consider and, if thought fit, pass the following resolutions:

As a special resolution (Resolution 7):

That the authority conferred on the directors by paragraph (i) and the power conferred on the directors by paragraph (ii) of article 12(B) of the articles of association of the company be renewed for the period ending on the date of the annual general meeting in 1997 or on 5 September 1997, whichever is the earlier, and for such period:

(a) the section 80 amount should be £33,986,367; and

(b) the section 89 amount should be £5,097,955.

As a special resolution (Resolution 8):

That the articles of association of the company be amended by adopting the regulations set forth in the printed document produced to this meeting and, for the purpose of identification, signed by the chairman hereof, as the

articles of association of the company, in substitution for, and to the exclusion of, the existing articles of association.

As a special resolution (Resolution 9):

That, subject to the passing at a meeting of the holders of the company's 6.5p (net) cumulative convertible redeemable preference shares of 50p each ('preference shares') of an extraordinary resolution in the terms set out in the notice of meeting of the holders of such shares convened for 5 June 1996, the company be and is hereby unconditionally and generally authorised for the purpose of section 166 of the Companies Act 1985 to make market purchases (as defined in section 163 of that act) of preference shares in the capital of the company provided that:

(i) the maximum number of preference shares which may be purchased is 17,244,394;

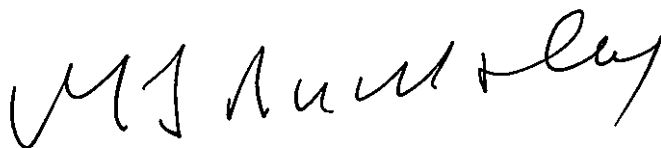
(ii) the minimum price which may be paid for a preference share (exclusive of expenses) is 50p;

(iii) the maximum price which may be paid for a preference share is an amount (exclusive of expenses) equal to 105 per cent of the average of the middle market quotations of the preference shares as derived from The London Stock Exchange Daily Official List for the 10 business days immediately preceding the day on which such preference share is contracted to be purchased; and

(iv) this authority shall expire at the conclusion of the annual general meeting of the company held in 1997 or, if earlier, on 5 September 1997 (except in relation to the purchase of shares the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry).

As an ordinary resolution (Resolution 10):

That the directors be and they are hereby authorised to amend the schedule to the rules of the AMEC Executive Share Option Scheme 1995 to allow employees and full-time directors who are resident in the United Kingdom to receive options which are not approved by the Inland Revenue.



By order of the board  
M J Bardsley  
Secretary  
10 May 1996

## Notice of annual general meeting

### Notes

- 1 Resolution 7, which is a special resolution proposed in accordance with the provisions of sections 80 and 89 of the Companies Act 1985, renews the authority given to the directors at last year's annual general meeting to issue shares in the company, up to a nominal amount of £33,986,367, until the earlier of next year's annual general meeting or 5 September 1997 and also renews the power given to the directors at last year's annual general meeting to allot further shares for cash, other than by way of a rights issue, up to a nominal amount of £5,097,955.
- 2 A circular is enclosed with the annual report and accounts setting out the detailed proposals relating to resolutions 8, 9 and 10.
- 3 A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not also be a member.
- 4 There will be available for inspection at the registered office of the company during business hours on any weekday (excluding Saturdays and public holidays) from the date of this notice until the date of the annual general meeting and at the Holiday Inn Crowne Plaza Midland Hotel, Peter Street, Manchester, from 11.45am on 5 June 1996 until the conclusion of the meeting, copies of all service contracts of the directors with the company or any of its subsidiary undertakings not expiring or terminable within one year without payment of compensation, a copy of the articles of association of the company and a copy of the rules of the AMEC Executive Share Option Scheme 1995 in their proposed amended forms.

## Shareholder information

### Financial calendar

#### Publication of results

The group's results will normally be published at the following times:

Interim report for  
half year to 30 June September

Preliminary profit announcement  
for year to 31 December March/April

Annual report and accounts for year  
to 31 December May

Annual general meeting June

#### Dividends and interest payable

Interim ordinary dividend January

Final ordinary dividend July

Convertible preference dividends 1 May  
and 1 November

#### Payment of dividends

Shareholders who do not have dividend payments made directly into their bank or building society accounts through the Bankers Automatic Clearing System (BACS) may do so by contacting the company's registrars directly at the following address:

Independent Registrars Group Limited  
Bourne House  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU  
Telephone: (0181) 650 4866

### Share dealing service

A share dealing service is provided exclusively for the investment in and sale of AMEC p.l.c. shares. It is an execution only service and no financial or taxation advice is provided.

Stockbroking commission will be payable at the following rate:

1.0 per cent on the first £3,000 consideration

0.5 per cent thereafter

Minimum commission £9.50

Further information may be obtained from:

National Westminster Bank Plc  
Corporate and Banking Services  
AMEC information  
55 Mansell Street  
FREEPOST  
London E1 8BR  
Telephone: (0171) 895 5448

This note has been approved for the purposes of section 57 of the Financial Services Act 1986 by National Westminster Bank Plc, which is regulated by the Personal Investment Authority and IMRO.

Published by AMEC p.l.c.

Sandiway House, Northwich, Cheshire CW8 2YA. Telephone: (01606) 883885, Telex: 669708, Fax: (01606) 883996  
7 Baker Street, London W1M 2LU. Telephone: (0171) 224 6664, Telex: 669708, Fax: (0171) 486 1517

Designed, typeset and produced by Wordshop, Sherborne, Dorset. Printed in England by Litho-Tech Colour Printers Limited, London.