Report of the directors

The directors have pleasure in presenting the annual report and accounts for the year ended 31 December 2004.

Information on the businesses of AMEC, their development during the year and on the future outlook is contained on pages 1 to 43.

An analysis of AMEC's activities is given in note 2 on pages 61 and 62.

The profit on ordinary activities after taxation, which amounted to £22.6 million (2003: £60.8 million), is shown in the consolidated profit and loss account on page 55.

The directors recommend that a final dividend of 7.2 pence (2003: 6.9 pence) per share be paid which, together with the interim dividend of 3.8 pence (2003: 3.6 pence), results in a total dividend for the year of 11.0 pence (2003: 10.5 pence) per share. Dividends amounted to £34.8 million (2003: £30.7 million). The final dividend will be payable on 1 July 2005 to shareholders on the register at the close of business on 13 May 2005.

On 6 May 2004, AMEC announced that, following a strategic review, it would exit from the US construction management market.

On 22 June 2004, the disposal of the remaining 49 per cent shareholding in SPIE Batignolles S.A., its France – based regional construction business, was completed.

The authorised and issued share capital of the company as at 31 December 2004 and movements during the year are set out in note 21 on page 71.

Authority was granted to the directors at the 2002 annual general meeting to allot up to £49,790,640 of ordinary share capital, of which up to £7,204,249 could be allotted for cash other than by way of a rights issue. This authority extends until 8 May 2007.

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

Resolution 10 will be proposed at the annual general meeting, to be held on 18 May 2005, to grant authority to the directors to make market purchases of up to 10 per cent of the company's shares within prescribed limits. No such purchases were made in 2004 or up to the date of this report pursuant to the authority granted at last year's annual general meeting.

The directors will only exercise such authority to purchase shares if circumstances arise in which they consider purchases would be of benefit to the company. No purchase would be made unless the directors are of the view that it would result in an increase in earnings per share. The directors will also take into account the company's cash resources, the effect on gearing and other possible investment opportunities before exercising this authority.

Resolution 11, which is covered in further detail in the appendix to the notice of annual general meeting, relates to the introduction of the Savings Related Share Option Scheme 2005, to replace the existing scheme which expires in June 2005. Authority is also sought to introduce an International Savings Related Share Option Scheme, which is substantially the same as the UK scheme. The International scheme requires specific shareholder approval in order that employees in the United States and France can enjoy beneficial tax treatment.

Resolution 12, covered further in the directors' remuneration report, amends the rules of the Performance Share Plan 2002 to increase the individual limit of shares which may be awarded to an executive in any one year from one times to two times salary.

Pursuant to Section 198 of the Companies Act 1985, notifications have been received by the company of shareholdings of three per cent or more of the issued share capital as at 10 March 2005 and these are as follows:

	Number	Per cent
ToscaFund Limited	28,714,088	8.65
FMR Corp./Fidelity International Limited	21,430,039	6.45
Legal & General Investment Management Limited	11,160,201	3.36

Where relevant, the percentage shareholdings have been adjusted from that notified to the company to reflect the increased share capital resulting from the placing of 30,164,357 shares announced on 20 January 2005.

Details of the directors of the company at the date of this report are set out on pages 22 and 23.

Mr S Gillibrand retired from the board on 21 January 2004 and Mr J M Green-Armytage replaced him as chairman on that date.

Mr P J Byrom and Mr T W Faithfull were appointed to the board as non-executive directors on 10 February 2005. In accordance with article 91 of the articles of association of the company, Mr Byrom and Mr Faithfull will retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election. They do not have employment contracts with the company.

Sir Peter Mason and Mr J D Early retire in accordance with article 85 of the articles of association of the company and, being eligible, offer themselves for re-election. Sir Peter and Mr Early have employment contracts with the company terminable by one year's notice by either party.

The beneficial interests in the share capital of the company of the directors holding office as at 31 December 2004 were as follows:

	As at 31 December 2004 Number	As at 31 December 2003 Number
J M Green-Armytage	**10,000**	10,000
Sir Peter Mason	**90,669**	86,458
J D Early	**53,347**	49,382
J A Monville	**19,809**	13,143
E P Airey	**18,120**	18,120
J A Dallas	**2,000**	2,000
M O Hesse	**16,414**	16,414
S J Siddall	**24,307**	17,641
J-P Jacamon	**10,000**	10,000
C A Riva	**23,000**	–

Except for interests under share option schemes, the Long-Term Incentive Plan and the Performance Share Plan, details of which are contained in the directors' remuneration report on pages 49 to 54, no director as at 31 December 2004 had any other interests, beneficial or otherwise, in the share capital of the company or any of its subsidiaries.

There were no changes in the directors' interests in the share capital of the company between 31 December 2004 and 10 March 2005.

No director was materially interested in any contract of significance to AMEC's businesses.

In 2004, AMEC employed on average 43,660 people worldwide. Details are given in note 6 on page 63.

The development of employees, to ensure that AMEC has the necessary skills and behaviours to deliver its strategic business objectives and to provide for management succession, is given high priority. In addition, recognising the importance for the future of bringing young people into the group, all businesses have well established programmes for recruiting and developing graduates and other trainees.

Respect for cultural diversity and equal opportunities are included among AMEC's Guiding Principles which are incorporated into management policies and processes worldwide. The policy is to recruit from the widest labour market, determining the careers of all employees solely on merit and making judgements about employees, free from the effects of bias and prejudice.

It is AMEC's policy to consider for employment suitably qualified disabled people and to assist them in overcoming handicaps at work. AMEC recognises that special arrangements are necessary, in view of the nature of its main activities, to ensure that disabled employees are properly trained for the tasks they perform. AMEC endeavours to retrain any employee who develops a disability during employment, wherever practicable.

Internal communication is a priority for AMEC, as employees carry forward AMEC's knowledge, brand and reputation. AMEC provides numerous direct or electronic opportunities for employees to raise issues and discuss matters of concern with management.

Employees share knowledge and are kept informed of developments within AMEC through various means, including its intranet AMECnet, internal publications, best practice groups, news bulletins and announcements. A global conference of senior managers is held each year to discuss developing issues.

The company operates an Inland Revenue approved savings related share option scheme open to all eligible UK employees. Shareholders' approval was given at the 2002 annual general meeting to also make the scheme available to overseas employees and the first launch of the scheme is scheduled to be made in North America and certain European countries during 2005.

Report of the directors

The board is responsible to the shareholders for the management of the company and for the protection of its assets. As such, it is ultimately responsible for putting in place AMEC's systems of internal control and for reviewing their effectiveness. These systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and consequently can provide reasonable, but not absolute, assurance against material misstatement or loss.

Combined Code compliance

Following the issue in January 2003 of the reports by Derek Higgs on 'Review of the Role and Effectiveness of Non-Executive Directors' and by Sir Robert Smith on 'Audit Committees – Combined Code Guidance', a new Combined Code was issued in July 2003. The new Combined Code applies for reporting years beginning on or after 1 November 2003. Consequently the first year for which the company is required to comply is the year ended 31 December 2004.

As noted in last year's annual report, AMEC carried out a detailed review of the impact of the new Combined Code on the way in which its board and committees carry out their responsibilities. Following this review, the board considered that, as at 1 January 2004, it had taken the necessary steps to put appropriate processes in place to comply with the revised Combined Code throughout 2004.

As at 31 December 2004, the board is able to confirm that the company has complied with the relevant provisions of the revised Combined Code except as follows:

The revised Code requires there to be a "balance of executive and non-executive directors (and in particular independent non-executive directors) such that no individual or small group of individuals can dominate the board's decision taking". Following the resignation of Mr S Gillibrand and the subsequent appointment of Mr J M Green-Armytage, who was previously senior independent director, to the position of chairman on 21 January 2004, there has been an imbalance of executive and non-executive directors, with five executives and four non-executives. The board does not consider that this imbalance has impaired its effectiveness in any way. Two new independent non-executive directors, Mr T W Faithfull and Mr P J Byrom, were appointed to the board on 10 February 2005, following an extensive executive search undertaken by Hanson Green on behalf of the board.

The company has interests in a number of joint ventures, associates and joint arrangements. Controls within these entities may not be reviewed as part of AMEC's formal corporate governance process because of the joint management responsibilities but are reviewed as part of the normal internal audit process.

Management and Policy Framework

AMEC's businesses are managed on a decentralised basis. Whilst the board has retained reserve powers, the day-to-day management has been passed to the business leaders, within defined authority limits. The management philosophy is to empower the business leaders to take the actions necessary to deliver the company's operational business objectives within the AMEC Management and Policy Framework, which establishes the standards AMEC employees and contracting staff are expected to meet.

Dialogue with institutional shareholders

Mr J M Green-Armytage, chairman, wrote to all major shareholders shortly after his appointment in January 2004 informing them that he and the senior independent director, Ms E P Airey, were available for meetings or telephone calls with them if required. The chairman attends preliminary and interim results presentations. Ms Airey is available to attend, if requested, one-on-one meetings with major shareholders. During 2004, the chairman had meetings with representatives from two major institutional investors, one in conjunction with Ms Airey.

An in-depth annual perception study of investors' views, prepared by an independent third party, is presented to all board members, who also receive unexpurgated feedback reports following shareholder meetings or events together with all material brokers' research notes on the company.

For the majority of 2004, the board comprised the non-executive chairman, five executive directors and four independent non-executive directors. Two new independent non-executive directors were appointed to the board in February 2005 (see pages 22 and 23 for biographical details).

The company does not combine the role of chairman and chief executive. The chairman is responsible for the running of the board, with the chief executive being responsible for running the group and implementing board strategy and policy. This ensures a clear division of responsibilities at the head of the company, so that no individual has unfettered powers of decision. The independent non-executive directors review the relationship between the chairman and chief executive each year to ensure that the relationship is working effectively.

The non-executive directors are all considered to be independent by the board. They are not employed by the company in any capacity, nor have they been in the past. Ms E P Airey has acted as the board's senior independent director since 21 January 2004, when she replaced Mr J M Green-Armytage in that role. The company secretary is responsible for ensuring that board procedures are followed and all directors have access to his advice and services.

The board has a schedule of matters reserved for its approval, covering areas such as company strategy, the appointment of key executives, approval of accounts, approval of the business plan, budget and financial policies, review of operating results, risk management strategy, ensuring the effectiveness of governance practices, succession planning and significant capital expenditure. The board is supplied in a timely manner with information which enables it to discharge its duties.

An external review of the effectiveness of the board and its committees was carried out during the year by Spencer Stuart by way of interviews with individual directors. Findings were considered by the board as part of its review of both collective and individual board member performance. No material changes were identified as being necessary as a result of this exercise. The independent non-executive directors also met privately both with and without the chairman present and also with both the chairman and chief executive together to consider management performance and succession issues. A formal process exists for the directors to take independent professional advice and receive appropriate training in the course of their duties, at the company's expense, organised by the company secretary.

Board committees

Under AMEC's Management and Policy Framework, the board has formally delegated specific responsibilities to various committees, all of which have written terms of reference. The remit of each committee is set out below. The quorum is generally three directors.

Full details of the constitution and remit of the audit, nominations and remuneration committees can be found under "corporate governance" on www.amec.com.

The committees chaired by non-executive directors are as follows:

- Audit committee – Reviews the integrity, including the material financial reporting judgements, of the company's accounts, including the annual and interim results, related report and accounts and Stock Exchange announcements and any other formal announcements in connection with the company's financial performance, and recommends their approval to the board.

It also reviews the company's internal financial controls and, in conjunction with the risk review committee, the internal control and risk management systems.

The committee has unrestricted access to company documents and meets with the internal and external auditors, and any other member of staff, without the executive directors being present, as required. The head of internal audit formally reports to the committee chairman.

It reviews the head of internal audit's regular reports and, during 2004, carried out an assessment of the effectiveness of the internal audit function. This assessment was carried out by the audit committee primarily by way of a self-assessment by the head of internal audit, following guidance set out by the Institute of Chartered Accountants in England & Wales (ICAEW) in "Evaluating the Effectiveness of Internal Audit", published in November 2003. The audit committee will commission an independent review of the internal audit function in 2005.

The committee considers the appointment, re-appointment, removal, remuneration and terms of engagement of the external auditor and makes recommendations to the board. It discusses the scope and planning of the external audit and reviews the outcome of the external audit and any formal communications from the external auditors, including internal control reports.

The committee also formally reviews and monitors the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements and makes recommendations to the board. During 2004 a review, co-ordinated on behalf of the committee by the head of internal audit, was carried out. The audit committee has also monitored the implementation of the policy on the engagement of the external auditor to supply non-audit services, which was introduced in 2003. This policy follows the guidelines set out by the ICAEW and clearly defines what work can and cannot be performed by any group company's statutory auditor. It also sets out the necessary approval process for those non-audit services that are acceptable.

All non-statutory audit or non-compliance tax services provided by the auditor are reported to the audit committee. During 2004, the fees paid to the company's auditor, KPMG Audit Plc and its associates, for non-audit work were £0.7 million (2003: £0.8 million), which comprised £0.6 million primarily relating to taxation and £0.1 million for other work (2003: £0.6 million and £0.2 million).

In addition to the above amounts, fees of £0.2 million (2003: £1.2 million) were paid to KPMG Audit Plc in connection with due diligence undertaken on acquisitions.

- Nominations committee – Makes recommendations to the board concerning the appointment or termination of a director or the company secretary and, in the case of a non-executive director and the chairman, the extension of an existing appointment.

The committee also regularly reviews board succession planning, in conjunction with reports from the chief executive and corporate human resources director on senior management succession planning, so as to ensure that an appropriate balance of skills is maintained both within AMEC and on the board.

- Remuneration committee – Sets, and reviews as necessary, the overall contractual and remuneration framework for the chairman, the executive directors and the company secretary, including pension rights and annual bonus incentives.

It considers and determines such other matters relating to the engagement of the chief executive and other executive directors (including matters relating to the enforcement of their service contracts and payments on termination) as the chairman, in respect of the chief executive, and the chief executive, in respect of the other executive directors, refer to the committee.

It agrees the terms to be offered to a proposed new chairman or executive director.

It reviews the salaries of executive directors annually and the chairman biennially, or more frequently as is deemed necessary by the committee chairman. It agrees the performance targets of executive directors and the levels of bonus to be paid to them under the annual bonus incentive scheme.

It determines and agrees with the chief executive the remuneration policy and structure, including annual bonus, for corporate functional executives and deputy operational executives immediately below board level.

It approves performance targets, participation and level of awards for any executive share based incentive scheme.

The following table is a record of the directors' attendance at board and principal board committee meetings during the year ended 31 December 2004. Mr Gillibrand attended one board meeting prior to his retirement on 21 January 2004.

	AMEC plc Board	Audit committee	Nominations committee	Remuneration committee
J M Green-Armytage	9		1	
Sir Peter Mason	9		1	
J D Early	9			
J A Monville	9			
E P Airey	8	4	1	5
J A Dallas	9	4	1	5
M O Hesse	8	3	1	5
S J Siddall	9			
J-P Jacamon	9	4	1	4
C A Riva	9			

- Charities committee – Makes commitments and donations in support of charitable, educational and cultural causes.

- Compliance and ethics committee – Considers and approves the codes of business conduct and related compliance arrangements and takes responsibility for management of investigations of violations, as required.

- Share transaction committee – Provides clearance or denies permission to relevant employees to deal in AMEC plc shares.

Report of the directors

The committees chaired by executive directors are as follows:

- Banking committee – Reviews and approves facilities for borrowing, guarantees, bonds, indemnities and employee bridging loans and also interest rate and foreign exchange hedging strategies within authority limits set by the board.
- Corporate transactions committee – Considers acquisitions and disposals of businesses and provides guidelines in respect of such transactions within authority limits set by the board.
- Pensions and retirement benefits committee – Reviews proposals relating to new arrangements, amendments, discontinuance, funding or any other matters relating to pension and retirement benefits.
- Risk review committee – Approves the AMEC plc risk register, the AMEC plc risk transfer policy and proposals to enter into contractual commitments that fall outside the delegated authority limits of the executive directors.

The board, through the committees described above and at its regular meetings, has a continuous process for identifying, evaluating and managing significant risks faced by the company, including strategy, major projects to be undertaken, significant acquisitions and disposals, as well as entry to and exit from different markets. Where appropriate, business decisions are reached following a structured and documented review of potential opportunities and threats, taking steps designed to manage or mitigate any residual risk exposure.

AMEC uses a seven-step Total Risk Management process and has incorporated it into the Management and Policy Framework. The process involves the identification of risks at the gross and net level by each business and each corporate function. The risks are recorded in separate risk registers for each business unit and each function to enable the net positions to be pro-actively managed. The highest risks based on probability and impact are then consolidated into an overall risk register for AMEC plc, which is reviewed in detail by the board on an ongoing basis. The risk management process accommodates mergers, acquisitions and disposals as well as entry to and exit from different markets.

Risk management within AMEC is coordinated via the risk management forum, which meets at least twice yearly. The forum consists of risk managers/sponsors for the businesses and heads of corporate functions and has the remit to report to the risk review committee of the board at least annually. It also reviews progress made in embedding risk management throughout the company, dissemination of best practice and communication of lessons learned.

The risk management and internal control processes are complemented by an annual control risk self-assessment exercise carried out by the principal businesses. This covers major risks, particularly safety, health and environment, legal, commercial and contractual, financial, information technology and human resources. The results are reviewed by the board, through both the audit committee and the executive directors, and as part of the ongoing internal audit process.

The risk management processes were in place for the whole of 2004, and up to the date of approval of the accounts, and satisfy the requirements of the Turnbull guidance.

The directors, having made enquiries, consider that the company and the group have adequate resources to continue in operational existence for the foreseeable future and, therefore, it is appropriate to continue to adopt the going concern basis in preparing the accounts.

Businesses are responsible for agreeing terms and conditions under which transactions with their suppliers are conducted. It is group policy that payments to suppliers are generally made in accordance with these terms and conditions, provided that the supplier complies with all of its obligations in this regard.

The company had 38 days' purchases outstanding as at 31 December 2004 based on the average daily amount invoiced by suppliers during the year.

Donations to United Kingdom charities amounted to £132,000 for the year ended 31 December 2004.

A resolution will be proposed at the annual general meeting for the re-appointment of KPMG Audit Plc as auditors of the company.

In January 2005, AMEC announced the successful placing of 30,164,397 new shares, just under 10 per cent of the issued share capital.

In January 2005, AMEC acquired Paragon Engineering Services Inc. (now AMEC Paragon Inc.) a Houston-based oil and gas engineering services company.

By order of the board

P J Holland
Secretary
10 March 2005

Since 10 March 2005, FMR Corp./Fidelity International Limited have notified further increases in their interests and on 30 March 2005 notified an interest of 34,212,407 shares (10.30%). There were no other changes in either the directors' interests or in the substantial interests in the share capital of the company between 10 March 2005 and 31 March 2005.

Directors' remuneration report

This report covers the remuneration of executive and non-executive directors and related matters, including long-term incentive awards.

During the year, the members of the remuneration committee, any three of whom may form a quorum, comprised Mr J A Dallas (chairman), Ms E P Airey, Ms M O Hesse and Mr J-P Jacamon. In accordance with the Combined Code regulations, the chairman, Mr J M Green-Armytage, attends meetings by invitation but is not a member of the remuneration committee.

In considering the matters within its remit, the committee takes account of recommendations from the chairman in respect of the chief executive and from the chief executive in respect of other executives and is advised by the group human resources director.

During 2004, New Bridge Street Consultants LLP ("New Bridge Street") continued to provide standing advice to the committee in connection with its responsibilities. New Bridge Street does not carry out additional work for the company. The terms of engagement between the company and New Bridge Street are available from the company secretary. Monks Partnership, in relation to the UK, and Towers Perrin, particularly in relation to France and the USA, provided market remuneration and benefits reports covering various levels of management which, in respect of the executive directors, were reviewed by New Bridge Street.

The objective of the remuneration policy, in respect of the executive directors and other senior executives, is to offer remuneration packages that are competitive in the markets in which the executives are based and which:

- allow AMEC to attract and retain senior executives of high calibre; and
- incentivise senior executives to achieve superior short-term performance and increase the medium and long-term value of AMEC for its shareholders and encourage executives to build and retain a significant shareholding in AMEC.

Remuneration packages comprise:

- base salaries which broadly equate to the mid-market salary practices of a relevant group of support services, engineering and construction comparator companies and other companies regarded as comparable by virtue of, amongst other factors, turnover, employee numbers, market capitalisation and/or geographic coverage;
- annual bonuses which incentivise the achievement of stretching business and individual performance targets and offer the opportunity to achieve upper quartile annual cash earnings if these targets are achieved; and
- medium and long-term incentives which align the interests of shareholders and senior executives by offering the latter the opportunity to accumulate significant capital over a period but only if stretching shareholder value targets are met.

More than half of the overall remuneration package is therefore performance related.

The base salaries of executive directors are reviewed annually, having regard to personal performance, company performance, competitive market practice as determined by external research and pay levels more broadly within the company. The following salaries have been approved from 1 January 2005, representing an average increase of approximately five per cent:

Sir Peter Mason	£610,000
J D Early	£277,500
J A Monville (€546,000 equivalent)	£386,500
S J Siddall	£360,000
C A Riva	£475,000

All executive directors participate in the AMEC executive annual bonus plan which generates bonus payments calculated by reference to each of the following:

- the profit achievement of the group, with a target level of bonus payable for achieving budget and the maximum pay-out requiring achievement of a more stretching target;
- the achievement of other specific business targets, including cash flow and business unit profit; and
- individual performance objectives (for example, in relation to safety, strategy and organisational issues).

A separate amount of bonus attaches to each of these components. The proportions vary between individuals depending on their specific executive roles. In addition, 10 per cent may be allocated to allow recognition of how participants have responded to changing circumstances during the year which cannot necessarily be addressed by predefined targets. The maximum potential annual bonus is 80 per cent of base salary. In every case the profit and other business target components represent more than half of the potential total.

No elements of remuneration other than base salary are pensionable other than for Mr Monville, who is 60, and whose base salary and ordinary annual bonus, up to a maximum of 60 per cent of base salary, are pensionable. Mr Monville's pension arrangements are covered on page 54 of this report. These arrangements are common for senior executives in France and are a contractual obligation that AMEC inherited with the acquisition of SPIE S.A.

In the senior management group immediately below board level, no executive has a base salary or total remuneration higher than any executive director.

Directors' remuneration report

AMEC has in recent years operated two long-term incentive arrangements, the Performance Share Plan 2002 and the Executive Share Option Scheme 2002. In the light of market practice and the introduction of international financial reporting standards, it has been concluded that forward practice should be to make annual awards of performance shares only. Major shareholders have been consulted on this change of policy and as a result AMEC will be seeking approval at the annual general meeting to increase the limit of annual awards under the Performance Share Plan to a maximum face value of two times' salary, with the continuing proviso that the present economic value ("PEV") of all long-term incentive awards to an individual in any year cannot exceed one times annual base salary (PEV is an assessment of the value today of an award, taking account of various factors including the likelihood of vesting, using an adaptation of the Black Scholes option pricing model). Subject to shareholders approving this proposal, in future share options would only be granted in exceptional circumstances such as recruitment.

Assuming such approval, AMEC's policy for 2005 and beyond will be to make awards each year to executive directors, and to a very small number of other senior executives just below board level, of restricted shares with a value at the time of award of up to 175 per cent of base salary. In addition participants will be offered a further award, up to a maximum of 25 per cent of base salary, of five restricted shares for every three purchased from their previous year's post-tax bonus and held on their behalf as investment shares for the full three year performance period. Awards are also made to a wider group of executives, with lower levels of face value to reflect seniority and contribution. Awards are not normally made to those within 12 months of retirement and, where the individual is within three years of retirement, the size of award has regard to the executive's ability to contribute to the achievement of the performance conditions.

These restricted shares will only vest if pre-determined performance conditions are met. For full vesting, the requirement is for AMEC to be ranked in the top quartile of total shareholder return, measured over a three year period, of a comparator group. This comprises the companies (approximately 40 in number) that, at the time of grant of each award, are in the FTSE All Share Business Support, Environmental Control, Other Construction and Oil Services sub-sectors, and whose market capitalisations lie between £250 million and £3,000 million (or such other range spanning that of AMEC as may be agreed from time to time). If AMEC's performance is at the median, 25 per cent of the award will vest. 100 per cent of the award will vest at upper quartile. Between the median and the upper quartile, the award will vest on a straight-line basis. No awards will vest if AMEC's performance is below median. As a further threshold condition, to ensure that the company's underlying performance is properly reflected, no awards will vest if AMEC's earnings per share have grown by less than the rate of inflation plus six percentage points over the three year period.

These performance conditions are intended to focus executives' attention on the return that AMEC is delivering to its shareholders over the medium-term relative to broadly comparable alternative companies in which shareholders could have invested. Lists of the comparator companies for the awards that lapsed during the year and those awards currently subsisting can be obtained on request from the company secretary.

The present economic value of performance share awards made on this basis in 2004 has been assessed by Watson Wyatt LLP as 40 per cent of face value.

Awards under the Executive Share Option Scheme 2002 are made at an option price based on the market value at the time of grant and are subject to meeting earnings per share ("EPS") performance conditions measured over a fixed three year period as detailed below.

Face value of shares under option	EPS performance – growth per annum	Percentage of award vesting
Up to 1 x base salary	RPI +3 per cent to RPI +5 per cent	25 per cent to 100 per cent
Any award above 1 x base salary	RPI +5 per cent to RPI +9 per cent	0 per cent to 100 per cent

Once exercisable, options may be exercised up to the tenth anniversary of the date of grant.

The present economic value of options granted on this basis in 2004 has been assessed by Watson Wyatt LLP as 17.5 per cent of face value.

During the transition to international financial reporting standards, the Remuneration Committee will aim to ensure that performance measurement for remuneration purposes will be consistent year on year.

In addition, executive directors may participate in relevant all-employee share plans which provide options, without performance conditions, related to savings contracts with an aggregate limit of £250 maximum savings per month.

The executive directors, except for Mr J A Monville, are members of the AMEC Staff Pension Scheme and have top-up benefits provided through the AMEC Executive Pension Scheme. The schemes are both approved defined benefit schemes and also provide for life assurance cover and dependants' pensions. These executive directors have a normal retirement age of 60 and accrue pension rights which are linked to the length of pensionable service and to final pensionable salary.

The benefits of Sir Peter Mason, Mr S J Siddall and Mr C A Riva are restricted to take account of the earnings cap and they receive a taxable supplement to their salaries in relation to earnings above the cap. There are no funded or unfunded unapproved arrangements in force for executive directors.

The review of policy on UK executive pensions has still to be concluded following the introduction of the new tax regime that comes into force in April 2006, but the Remuneration Committee currently believes that:

- Pensions should not be provided routinely in excess of the Life Time Allowance;
- The payment of any tax liability of employees will be the responsibility of the individual and not AMEC;
- The scheme design going forward should be aimed at achieving a benefit equivalent to the life-time limit over 20 years service for those executives who would currently have a 1/30ths accrual rate and 30 years for those with a 1/45ths accrual rate. This would involve applying a new scheme-specific earnings cap i.e. only earnings up to a certain level will be used to calculate the final salary-related pension; and
- Salary supplements may continue to be used, where appropriate.

Mr Monville is a member of the SPIE top-up scheme for senior executives, which provides additional pension of up to 20 per cent of pensionable salary on top of the French compulsory social security and industry arrangements, subject to an aggregate limit of 50 per cent of pensionable pay at retirement. Due to French tax rules, this additional pension does not vest until the point of retirement. Mr Monville may retire with the agreement of AMEC from age 60 and must retire by age 65.

Employment related benefits, principally the provision of a company car or car allowance, life assurance and private medical expenses insurance, are also provided to executive directors.

AMEC's policy is that on appointment, executive directors will normally be employed with a notice period of one year. In the event of employment being terminated with less notice than this, damages will be determined at the time taking account of the circumstances leading up to the termination and the individual's duty to mitigate his loss. Mr C A Riva who was appointed in August 2003 has a contract on this basis.

During 2001 the Remuneration Committee decided to change the policy on notice periods from two years to one year. Sir Peter Mason, Mr J D Early and Mr S J Siddall, had employment contracts with notice periods of two years. These were reduced by agreement to one year from 1 January 2003 without compensation but with provision that if the company terminates employment (other than for gross misconduct), rather than receiving notice, the individual will be entitled to one year's remuneration (less tax) as liquidated damages in full and final settlement. For this purpose and, as a reasonable estimate of loss, remuneration is defined as 1.75 times basic annual salary to take account of salary, bonus potential, pension arrangements, the value of benefits and compensation for loss of office.

Mr J A Monville is employed by SPIE S.A. as chairman. As a governing executive (mandataire social) any compensation for loss of office would be subject to negotiation under French law.

Executive directors are not permitted to accept external directorships without the prior approval of the board. Sir Peter Mason is a non-executive director of BAe Systems plc. He retains the fee of £50,000 per annum which he receives in relation to this appointment.

The non-executive directors receive fees for their services and do not participate in any of the incentive or benefit schemes of the group, other than Mr J M Green-Armytage who is provided with life assurance cover of four times the Inland Revenue pensions earnings cap. The chairman's current fee is £200,000 per annum.

The remuneration of non-executive directors is determined by the chairman and the executive directors under delegated authority from the board. The current fee is £30,000 per annum plus a further £5,000 per annum in respect of chairing one or more committees of the board. Additional fees are payable for days in excess of 20 per annum at the rate of £1,500 per day.

Following a review of governance, a change has been made to the board's policy in relation to the term of office of non-executive directors. The board has concluded that, given the changed emphasis of the company to an increasingly complex international long-term project management and services business, it is appropriate that non-executive director appointments should be for three consecutive three year terms, subject to review after the end of each term. The previous policy was that appointments should be for three years with provision for a review on expiry and that any extended term would normally be for no greater than three years, however further renewal could be made in exceptional circumstances.

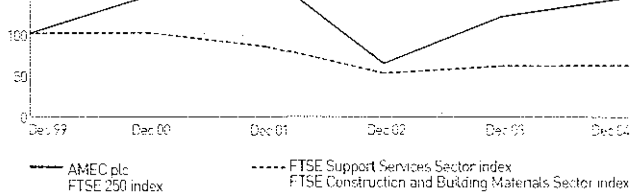
The non-executive directors as at 31 December 2004 have fixed term contracts which run until the dates set out below:

	Date of contract	Service review date
J M Green-Armytage	21 January 2004	20 January 2007
E P Airey	26 May 1999	25 May 2005
J A Dallas	28 October 1999	27 October 2005
M O Hesse	1 June 2000	31 May 2006
J-P Jacamon	27 November 2002	27 November 2005

The contract of the chairman, Mr Green-Armytage, contains provision for six months' written notice of resignation prior to the expiry date and payment of six months' fees if the board withdraw their agreement to his continuing to serve as chairman, other than for gross misconduct. The contracts of the other non-executive directors may be terminated by the individual at any time and there are no specific provisions for compensation in the event of early termination by the company.

In accordance with the articles of association of AMEC, all directors are required to seek re-election by shareholders every three years.

The following graph (rebased to 100 as at 1 January 2000) charts the total cumulative shareholder return of the company since 1 January 2000:



This graph shows the growth in the value of a hypothetical £100 holding in AMEC plc ordinary shares over five years relative to a broad equity market index. As the company's activities span a variety of sectors, the remuneration committee has determined that AMEC's relative performance is best judged against a general market index and, therefore, the relative performance against the FTSE Mid 250 index is shown. As additional information, the performance against the FTSE Construction and Building Materials Sector, where AMEC was listed until 22 November 2004, and the FTSE Support Services sector, where AMEC is currently listed, are also shown.

Directors' remuneration report

The auditors are required to report on the following information on pages 52 to 54 of the directors' remuneration report.

Individual aspects of remuneration were as follows:

	Salary/fee £000	Bonus[v] £000	Benefits in kind[vi] £000	2004 Total £000	2003 Total £000
Sir Peter Mason[i]	**670**	**239**	**40**	**949**	1,021
J D Early	**263**	**139**	**16**	**418**	378
J A Monville[ii]	**370**	**185**	**7**	**562**	542
S J Siddall[iii]	**388**	**148**	**22**	**558**	513
C A Riva[iv] (from 1 August 2003)	**532**	**140**	**33**	**705**	426
D Robson (to 31 July 2003)	–	–	–	–	268
G E Payne (to 31 March 2003)	–	–	–	–	67
J M Green-Armytage	**191**	–	–	**191**	46
E P Airey	**46**	–	–	**46**	52
J A Dallas	**35**	–	–	**35**	43
M O Hesse	**46**	–	–	**46**	78
J-P Jacamon	**35**	–	–	**35**	38
S Gillibrand (to 21 January 2004)	**12**	–	–	**12**	167
Total board	**2,588**	**851**	**118**	**3,557**	3,639

(i) Sir Peter Mason's salary includes a taxable supplement in relation to earnings above the earnings cap for pension purposes of £95,000 (2003: £88,000).

(ii) Mr Monville's salary comprised €480,000 paid by SPIE S.A. and £30,000 paid by AMEC plc

(iii) Mr Siddall's salary includes a taxable supplement in relation to earnings above the earnings cap for pension purposes of £48,000 (2003: £42,000).

(iv) Mr Riva's salary includes a taxable supplement in relation to earnings above the earnings cap for pension purposes of £72,000 (2003: £29,000).

(v) The bonuses detailed above represented the following percentages of their base salaries for the year against a maximum potential 80 per cent: *Sir Peter Mason 41.5 per cent, Mr Early 52.9 per cent, Mr Monville 49.9 per cent, Mr Siddall 43.5 per cent and Mr Riva 30.4 per cent.* These reflected the achievement of AMEC plc profit performance that was midway between the threshold and stretch targets set at the start of the year and varying achievement against specific business targets and personal objectives.

(vi) The value of benefits in kind received during the year relates principally to the provision of a company car or car allowance, travelling expenses, life assurance and private medical expenses insurance. Unemployment insurance is also made available to Mr Monville in accordance with French practice and certain relocation expenses have been reimbursed to Mr Riva. None of these benefits are pensionable.

The number of options over AMEC plc shares held by the directors under the Executive Share Option Schemes and Savings Related Share Option Scheme* (together the 'Option Schemes') were as follows:

	As at 1 January 2004 Number	Granted during the year Number	Exercised during the year Number	**As at 31 December 2004 Number**	Option price Pence	Market price on date of exercise Pence	Exercise period
Sir Peter Mason(i)	600,000			**600,000**	99.00		Feb 1999-Feb 2006
	451,388			**451,388**	144.00		Apr 2000-Apr 2007
	4,211*		4,211*		230.00	265.50	Jan 2004-June 2004
	215,500			**215,500**	219.75		Oct 2005-Oct 2012
	208,000			**208,000**	276.25		Sept 2006-Sept 2013
	4,231*			**4,231***	218.00		Jan 2007-June 2007
		179,687		**179,687**	320.00		Sept 2007-Sept 2014
J D Early(ii)	50,000			**50,000**	144.00		Apr 2000-Apr 2007
	3,369*		3,369*		230.00	263.00	Jan 2004-June 2004
	596*		596*		181.00	272.75	Jul 2004-Dec 2004
	101,000			**101,000**	219.75		Oct 2005-Oct 2012
	96,000			**96,000**	276.25		Sept 2006-Sept 2013
	3,893*			**3,893***	218.00		Jan 2007-June 2007
		82,031		**82,031**	320.00		Sept 2007-Sept 2014
S J Siddall(iii)	97,902		97,902		214.50	317.00	Jun 2003-Jun 2010
	118,500			**118,500**	219.75		Oct 2005-Oct 2012
	119,000			**119,000**	276.25		Sept 2006-Sept 2013
	4,231*			**4,231***	218.00		Jan 2007-June 2007
		106,250		**106,250**	320.00		Sept 2007-Sept 2014
J A Monville	135,000			**135,000**	276.25		Sept 2006-Sept 2013
		109,327		**109,327**	320.00		Sept 2007-Sept 2014
C A Riva	325,791			**325,791**	276.25		Sept 2006-Sept 2013
		143,750		**143,750**	320.00		Sept 2007-Sept 2014

(i) Gain on exercise £1,495 (2003: £nil).
(ii) Gain on exercises £1,659 (2003: £nil).
(iii) Gain on exercise £100,350 (2003: £nil).
(iv) The performance conditions applied to awards made under the Executive Share Option Schemes during the year were varied from previous years, including the removal of the facility to retest. All awards were at nil cost.
(v) Certain of the options were capable of being exercised as at 31 December 2004 as all performance conditions had been met. If the options had been exercised on that date the approximate gain before appropriate taxes for each of the current directors would have been: Sir Peter Mason, £1,900,000 and Mr Early, £76,875. Had the remainder of the options been capable of being exercised and vested in full as at 31 December 2004, the approximate latent gain before appropriate taxes for each of the current directors would have been: Sir Peter Mason, £213,000; Mr Early, £99,420; Mr Siddall, £118,000; Mr Monville, £29,000 and Mr Riva, £70,000. These hypothetical figures assume that all performance conditions will be fully met, which may not in practice transpire.

The Performance Share Plan 2002 (the 'PSP') was approved by shareholders in 2002. The PSP replaced the Long-Term Incentive Plan (the 'LTIP') which was introduced in 1998. The design of the PSP took account of the provisions of Schedule 'A' to the Combined Code.

The number of restricted shares held by executive directors to whom awards had been made under the PSP and the LTIP were as follows:

	As at 1 January 2004 Number	Awarded during the year Number	Date awarded	Market price at date of award Pence	Lapsed during the year Number	**As at 31 December 2004 Number**	End of performance period
Sir Peter Mason	68,972		Apr 2001	462.50	68,972	–	Mar 2004
	79,500		Apr 2002	430.50		**79,500**	Mar 2005
	221,248		Apr 2003	228.25		**221,248**	Mar 2006
		191,666	Apr 2004	300.00		**191,666**	Mar 2007
J D Early	32,729		Apr 2001	462.50	32,729	–	Mar 2004
	38,030		Apr 2002	430.50		**38,030**	Mar 2005
	105,826		Apr 2003	228.25		**105,826**	Mar 2006
		87,500	Apr 2004	300.00		**87,500**	Mar 2007
S J Siddall	31,891		Apr 2001	462.50	31,891	–	Mar 2004
	43,890		Apr 2002	430.50		**43,890**	Mar 2005
	113,909		Apr 2003	228.25		**113,909**	Mar 2006
		98,333	Apr 2004	300.00		**98,333**	Mar 2007
J A Monville	134,281		Apr 2003	228.25		**134,281**	Mar 2006
		99,495	Apr 2004	300.00		**99,495**	Mar 2007
C A Riva	167,597		Aug 2003	268.50		**167,597**	Mar 2006
		153,333	Apr 2004	300.00		**153,333**	Mar 2007

Notes relating to this table appear overleaf.

Directors' remuneration report

(i) Awards, as determined by the remuneration committee, were made under the PSP on 14 April 2004 to Sir Peter Mason, Mr J D Early, Mr S J Siddall, Mr J A Monville and Mr C A Riva at a market price of 300.00 pence.
(ii) For the LTIP awards made in April 2001, AMEC failed to meet the minimum performance conditions and, therefore, the awards lapsed in April 2004.
(iii) For the LTIP awards made in April 2002, AMEC failed to meet the earnings per share performance condition and, therefore, these awards will lapse in April 2005.
(iv) The terms and conditions of the PSP and the LTIP have not been varied during the year.
(v) The closing price of the shares at 31 December 2004 was 297.75 pence (2003: 260.00 pence).
(vi) The range of the closing prices for the shares during the year was 252.25 pence to 342.00 pence.
(vii) The register of directors' interests, which is open to inspection at the company's registered office, contains full details of directors' shareholdings, share options and awards under the PSP and the LTIP.
(viii) Had the restricted shares detailed above vested in full as at 31 December 2004 the approximate latent value before appropriate taxes for each of the current directors would have been: Sir Peter Mason, £1,466,000; Mr Early, £689,000; Mr Siddall, £763,000; Mr Monville, £696,000; and Mr Riva, £956,000. These hypothetical figures assume that all performance conditions will be fully met, which may not in practice transpire.

The following directors were members of defined benefit schemes provided by the company during the year. Pension entitlements and corresponding transfer values increased as follows during the year:

	Gross increase in accrued pension £000	Increase in accrued pension net of inflation £000	Total accrued pension at 31 December 2004[i] £000	Value of net increase in accrual over period[iii] £000	Total change in value during period[iv] £000	Value of accrued pension at 31 December 2004 £000	Value of accrued pension at 31 December 2003 £000
Sir Peter Mason	4	3	30	37	100	627	522
J D Early	16	12	167	78	434	3,406	2,961
S J Siddall	4	3	15	63	90	307	212
C A Riva	3	3	5	61	65	94	25

(i) Pension accruals shown are the amounts which would be paid annually on retirement based on service to the end of the year.
(ii) Transfer values have been calculated in accordance with version 1.5 of guidance note GN11 issued by the actuarial profession.
(iii) The value of net increase represents the incremental value to the director of his service during the year, calculated on the assumption service terminated at the year-end. It is based on the accrued pension increase after deducting the director's contribution.
(iv) The change in the transfer value includes the effect of fluctuations in the transfer value due to factors beyond the control of the company and directors, such as stock market movements. It is calculated after deducting the director's contribution.
(v) Voluntary contributions paid by directors and resulting benefits are not shown.

Mr J A Monville is a member of the SPIE top-up pension scheme for senior executives. Although the scheme, arranged through an insurance company, is a defined benefit scheme, it is not possible to disclose his pension benefits in the above format. A pension is payable by SPIE only in the event of Mr Monville reaching his normal retirement age of 65 or, following the attainment of age 60, by agreement with AMEC. No pension is due or payable in other circumstances and Mr Monville currently has no accrued right to a pension payment. His pension at the normal retirement age, or as agreed by AMEC, would be based on the average of his last three years base salary and bonus, up to a maximum of 20 per cent of this figure. As at 31 December 2004, this would equate to £106,000 (€149,000) (2003: £94,000 (€134,000)) per annum. It is not possible to attribute a value to the accrued funds as these are not separately identified by the insurance company.

J A Dallas
Chairman, remuneration committee
On behalf of the board
10 March 2005

Consolidated profit and loss account

For the year ended 31 December 2004

	Notes	2004 Before goodwill amortisation and exceptional items £ million	2004 Goodwill amortisation and exceptional items £ million	2004 Total £ million	2003 Before goodwill amortisation and exceptional items £ million	2003 Goodwill amortisation and exceptional items £ million	2003 Total £ million
Turnover: Group and share of joint ventures	2	**4,816.4**	**–**	**4,816.4**	4,712.7	–	4,712.7
Share of turnover in joint ventures		**(158.9)**	**–**	**(158.9)**	(289.9)	–	(289.9)
Group turnover		**4,657.5**	**–**	**4,657.5**	4,422.8	–	4,422.8
Cost of sales		**(4,051.6)**	**–**	**(4,051.6)**	(3,853.2)	–	(3,853.2)
Gross profit		**605.9**	**–**	**605.9**	569.6	–	569.6
Administrative expenses		**(479.4)**	**(21.6)**	**(501.0)**	(441.1)	(16.3)	(457.4)
Group operating profit/(loss)		**126.5**	**(21.6)**	**104.9**	128.5	(16.3)	112.2
Share of operating profit/(loss) in joint ventures and associates	2	**23.1**	**–**	**23.1**	13.2	(0.7)	12.5
Total operating profit/(loss)	2 & 3	**149.6**	**(21.6)**	**128.0**	141.7	(17.0)	124.7
(Loss)/profit on disposal or closure of operations:	4						
(Loss)/profit before goodwill		**–**	**(21.5)**	**(21.5)**	–	0.6	0.6
Goodwill previously written-off to reserves		**–**	**(13.0)**	**(13.0)**	–	–	–
		–	**(34.5)**	**(34.5)**	–	0.6	0.6
Profit/(loss) on disposal of fixed assets	4	**–**	**3.7**	**3.7**	–	(0.4)	(0.4)
Profit/(loss) on ordinary activities before interest		**149.6**	**(52.4)**	**97.2**	141.7	(16.8)	124.9
Net interest payable:	7						
Group		**(18.8)**	**–**	**(18.8)**	(18.4)	–	(18.4)
Joint ventures and associates		**(12.7)**	**–**	**(12.7)**	(10.8)	–	(10.8)
		(31.5)	**–**	**(31.5)**	(29.2)	–	(29.2)
Profit/(loss) on ordinary activities before taxation		**118.1**	**(52.4)**	**65.7**	112.5	(16.8)	95.7
Taxation on profit/(loss) on ordinary activities	8	**(38.7)**	**(4.4)**	**(43.1)**	(36.0)	1.1	(34.9)
Profit/(loss) on ordinary activities after taxation		**79.4**	**(56.8)**	**22.6**	76.5	(15.7)	60.8
Equity minority interests				**(0.8)**			(0.8)
Profit for the year				**21.8**			60.0
Dividends	9			**(34.8)**			(30.7)
Retained (loss)/profit for the year	22			**(13.0)**			29.3
Earnings per ordinary share:	10						
Basic		**26.7p**		**7.4p**	25.8p		20.4p
Diluted		**25.9p**		**7.2p**	25.3p		20.0p
Dividends per ordinary share	9			**11.0p**			10.5p

Consolidated balance sheet

As at 31 December 2004

	Notes	2004 £ million	2003 (as restated) £ million
Fixed assets			
Intangible assets	11	**341.2**	342.1
Tangible assets	12	**187.1**	207.0
		528.3	549.1
Investments:	13		
Joint ventures:			
Share of gross assets		**709.7**	639.7
Share of gross liabilities		**(634.1)**	(585.6)
		75.6	54.1
Associates		**–**	12.7
Other		**37.5**	30.3
		113.1	97.1
		641.4	646.2
Current assets			
Stocks	14	**91.4**	102.0
Debtors: amounts falling due within one year	15	**1,723.5**	1,541.6
Debtors: amounts falling due after one year	15	**184.3**	177.6
Cash at bank and in hand		**299.5**	364.8
		2,298.7	2,186.0
Creditors: amounts falling due within one year	16	**(1,968.1)**	(1,919.1)
Net current assets		**330.6**	266.9
Total assets less current liabilities		**972.0**	913.1
Creditors: amounts falling due after one year	17	**(644.1)**	(587.3)
Provisions for liabilities and charges	20	**(59.8)**	(57.3)
Net assets	2	**268.1**	268.5
Capital and reserves			
Called up share capital	21	**151.0**	149.6
Share premium account	22	**88.8**	82.8
Revaluation reserve	22	**20.1**	11.1
Capital redemption reserve	22	**17.2**	17.2
Profit and loss account	22	**(12.3)**	0.4
Equity shareholders' funds		**264.8**	261.1
Equity minority interests		**3.3**	7.4
Capital employed		**268.1**	268.5

The accounts on pages 55 to 78 were approved by the board of directors on 10 March 2005 and were signed on its behalf by:

Sir Peter Mason KBE
Chief executive

S J Siddall
Finance director

Company balance sheet

As at 31 December 2004

	Notes	2004 £ million	2003 (as restated) £ million
Fixed assets			
Tangible assets	12	**7.5**	7.3
Investments:	13		
Subsidiaries		**891.8**	850.5
Joint ventures		**10.1**	11.1
Other		**0.1**	0.1
		902.0	861.7
		909.5	869.0
Current assets			
Debtors: amounts falling due within one year	15	**12.9**	9.3
Debtors: amounts falling due after one year	15	**76.1**	66.0
Cash at bank and in hand		**4.0**	9.0
		93.0	84.3
Creditors: amounts falling due within one year	16	**(86.8)**	(76.0)
Net current assets		**6.2**	8.3
Total assets less current liabilities		**915.7**	877.3
Creditors: amounts falling due after one year	17	**(528.8)**	(452.8)
Provisions for liabilities and charges	20	**(21.9)**	(20.7)
Net assets		**365.0**	403.8
Capital and reserves			
Called up share capital	21	**151.0**	149.6
Share premium account	22	**88.8**	82.8
Revaluation reserve	22	**0.5**	0.3
Capital redemption reserve	22	**17.2**	17.2
Profit and loss account	22	**107.5**	153.9
Equity shareholders' funds		**365.0**	403.8

The accounts on pages 55 to 78 were approved by the board of directors on 10 March 2005 and were signed on its behalf by:

Sir Peter Mason KBE
Chief executive

S J Siddall
Finance director

Consolidated cash flow statement

For the year ended 31 December 2004

	Notes	2004 £ million	2003 (as restated) £ million
Net cash flow from operating activities	23	**19.4**	97.9
Dividends from joint ventures and associates		**0.2**	4.3
Returns on investments and servicing of finance			
Interest received		**29.1**	24.1
Interest paid		**(46.6)**	(37.0)
		(17.5)	(12.9)
Taxation		**(26.6)**	(30.6)
Capital expenditure			
Purchase of tangible fixed assets		**(51.4)**	(69.6)
Disposal of tangible fixed assets		**52.8**	50.8
		1.4	(18.8)
Acquisitions and disposals	24		
Acquisition of subsidiaries		**(11.0)**	(182.4)
Acquisition of joint ventures, associates and other investments		**(20.1)**	(10.4)
Disposal of joint ventures, associates and other investments		**19.7**	11.7
		(11.4)	(181.1)
Dividends paid to equity shareholders		**(30.8)**	(28.9)
Net cash flow before management of liquid resources and financing		**(65.3)**	(170.1)
Management of liquid resources	25	**32.8**	(20.2)
Financing			
Shares issued		**7.4**	0.4
Purchase of own shares		**(6.5)**	(5.9)
Net movement in debt		**(1.7)**	291.3
		(0.8)	285.8
(Decrease)/increase in cash	24	**(33.3)**	95.5

Consolidated statement of total recognised gains and losses

For the year ended 31 December 2004

	2004 £ million	2003 £ million
Profit for the year	**21.8**	60.0
Exchange and other movements	**(11.8)**	(2.3)
Adjustment arising from the full consolidation of SPIE	–	(12.1)
Surplus on property revaluation	**9.6**	–
Total gains and losses relating to the year	**19.6**	45.6

Note of consolidated historical cost profits and losses

For the year ended 31 December 2004

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 2004

	2004 £ million	2003 (as restated) £ million
Profit for the year	**21.8**	60.0
Dividends	**(34.8)**	(30.7)
Retained (loss)/profit for the year	**(13.0)**	29.3
Exchange and other movements	**(11.8)**	(2.3)
Shares issued	**7.4**	0.4
Adjustment arising from the full consolidation of SPIE	–	(12.1)
Surplus on property revaluation	**9.6**	–
Goodwill written back on disposal or closure of operations	**13.0**	–
Movements relating to the Long-Term Incentive Plan and Performance Share Plan 2002	**(1.5)**	(1.8)
Net increase in shareholders' funds	**3.7**	13.5
Equity shareholders' funds as at 1 January	**261.1**	247.6
Equity shareholders' funds as at 31 December	**264.8**	261.1

Shareholders' funds as at 31 December 2002 were £251.8 million and have been amended to incorporate a prior year adjustment of £4.2 million which arose on the adoption of UITF Abstract 38 'Accounting for ESOP trusts' and the amendment to UITF Abstract 17 'Employee share schemes'.

Notes to the accounts

The accounts have been prepared under the historical cost convention, modified to include the revaluation of certain land and buildings and in accordance with applicable accounting standards and the Companies Act 1985.

Full implementation of FRS 17 'Retirement benefits' is not mandatory. The additional disclosures required during the transitional period have been included in note 30 to the accounts.

In order to conform with the requirements of UITF Abstract 38 'Accounting for ESOP trusts' and the amendment to UITF Abstract 17 'Employee share schemes', investments in AMEC plc ordinary shares of 50 pence each held by the trustees of the Long-Term Incentive Plan and Performance Share Plan 2002 are recorded as a deduction in arriving at shareholders' funds. Previously these shares were shown within investments. In addition, purchases of shares which were previously shown in the cash flow statement within acquisitions and disposals are now disclosed within financing. This has the effect of reducing net assets by £7.5 million and £6.0 million in 2004 and 2003 respectively. This change has no impact on either the profit and loss account or the statement of total recognised gains and losses for either the prior year or the year under review.

AMEC acquired the outstanding 54 per cent interest in SPIE on 5 March 2003, after which it was fully consolidated in the accounts of AMEC. Additional reviews of the SPIE balance sheet have resulted in the reallocation of amounts held within certain balance sheet captions as at 31 December 2003. These changes provide additional consistency in the presentation of debtors and creditors and have no impact on the net assets of the group.

A new segmental format showing the nature of the group's total turnover, total operating profit and net assets has been adopted. The segments reflect the changes to the composition of the group in 2004 arising from the exit of low margin, high risk construction activities. In addition, the company was reclassified as a Support Services company in November 2004 and the new segmental format is expected to enhance the clarity of the group's reporting and lead to a greater understanding of its activities.

The group accounts include the accounts of AMEC plc and all of its subsidiaries made up to 31 December each year and the group's share of the results and net assets of joint ventures and associates, based on the gross equity and equity methods of accounting, respectively. Joint arrangements, where each party has its own separate interest in particular risks and rewards, are accounted for by including the attributable share of the assets, liabilities and cash flows measured according to the terms of the arrangement.

The company has not presented its own profit and loss account, as permitted by section 230(4) of the Companies Act 1985.

Depreciation is provided on all tangible assets, other than freehold land, at rates calculated to write-off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its estimated 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

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 and foreign currency borrowings, or forward exchange contracts used to hedge those investments, are taken directly to reserves. Other exchange differences are taken to the profit and loss account in the year.

Goodwill represents the excess of the fair value of purchase consideration over the fair value of net assets acquired. Goodwill arising on acquisitions made post 1 January 1998 is capitalised and amortised, on a straight line basis, over its estimated useful life, which for large acquisitions is not expected to exceed 20 years and for smaller acquisitions, 10 years. Where a business is disposed of or closed, the profit or loss on disposal or closure includes any unamortised amount included within intangible assets.

As permitted by FRS 10 'Goodwill and intangible assets', goodwill arising on acquisitions made prior to 1 January 1998 has been written-off to reserves. Where a business is disposed of or closed, the profit or loss on disposal or closure includes the attributable amount of goodwill previously charged to reserves.

Interest is written-off to the profit and loss account as incurred by all subsidiaries in the group. The group has, however, investments in joint ventures which are involved in public private partnership projects to finance, design and build assets and operate them on behalf of the client. In view of the nature of these projects, interest directly incurred in funding the construction programme is capitalised until the relevant assets are brought into operational use.

Operating lease costs are charged to the profit and loss account on a straight line basis over the period of the lease.

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.

Contributions to defined benefit schemes are allocated to the profit and loss account on a systematic basis over the normal expected service lives of employees. Contributions to money purchase schemes are charged to the profit and loss account in the year in which they are incurred.

No charge is made to the profit and loss account in respect of SAYE schemes that are offered on similar terms to all, or substantially all, UK employees. Included within the profit and loss account reserve are shares in the company held by the AMEC plc Employee Share Trust. This is a discretionary trust, established for the benefit of AMEC employees, the trustee of which is an independent trustee company which retains legal responsibility, control and ownership of these shares.

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

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

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 'Deferred Tax'.

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

	Total turnover 2004 £ million	Total turnover 2003 £ million	**Total operating profit/(loss) 2004 £ million**	Total operating profit/(loss) 2003 £ million	**Net assets/ (liabilities) 2004 £ million**	Net assets/ (liabilities) 2003 £ million
Class of business:						
Engineering and Technical Services	**2,293.8**	1,952.7	**75.3**	69.8	**(8.1)**	27.2
Oil and Gas	**1,212.1**	1,350.0	**57.2**	58.2	**129.2**	76.5
Project Solutions	**1,368.4**	1,487.1	**41.4**	40.2	**65.9**	10.3
	4,874.3	4,789.8	**173.9**	168.2	**187.0**	114.0
Internal turnover	**(57.9)**	(77.1)	**–**	–	**–**	–
Corporate costs	**–**	–	**(24.3)**	(26.5)	**–**	–
	4,816.4	4,712.7	**149.6**	141.7	**187.0**	114.0
Goodwill amortisation/capitalised	**–**	–	**(21.6)**	(17.0)	**341.2**	342.1
Net debt	**–**	–	**–**	–	**(283.7)**	(218.1)
Unallocated net assets	**–**	–	**–**	–	**23.6**	30.5
	4,816.4	4,712.7	**128.0**	124.7	**268.1**	268.5
Geographical origin:						
United Kingdom	**1,974.8**	2,109.6	**89.2**	94.8	**67.2**	46.3
Rest of Europe	**1,651.3**	1,379.6	**46.4**	43.1	**(10.9)**	(26.3)
Americas	**690.2**	749.3	**15.3**	9.1	**109.9**	100.6
Rest of the world	**500.1**	474.2	**23.0**	21.2	**20.8**	(6.6)
	4,816.4	4,712.7	**173.9**	168.2	**187.0**	114.0
Corporate costs	**–**	–	**(24.3)**	(26.5)	**–**	–
	4,816.4	4,712.7	**149.6**	141.7	**187.0**	114.0
Goodwill amortisation/capitalised	**–**	–	**(21.6)**	(17.0)	**341.2**	342.1
Net debt	**–**	–	**–**	–	**(283.7)**	(218.1)
Unallocated net assets	**–**	–	**–**	–	**23.6**	30.5
	4,816.4	4,712.7	**128.0**	124.7	**268.1**	268.5

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

Corporate costs comprise the costs of operating the head office of AMEC plc and also certain regional overheads. These are not directly related to the activities of the segments.

The financing of the group's activities is undertaken at a head office level and consequently net interest payable cannot be analysed segmentally. Due to the nature of the businesses acquired, goodwill amortisation/capitalised cannot be analysed segmentally. The unallocated net assets principally comprise assets relating to the pension schemes prepayment and liabilities relating to dividends and taxation and are not directly related to the activities of the segments.

Notes to the accounts

The group's share of the results of joint ventures and associates was as follows:

	SPIE S.A. 2004 £ million	SPIE S.A. 2003 £ million	Others 2004 £ million	Others 2003 £ million	Total 2004 £ million	Total 2003 £ million
Turnover:						
Engineering and Technical Services	–	76.8	**41.8**	27.7	**41.8**	104.5
Oil and Gas	–	28.5	**39.5**	39.8	**39.5**	68.3
Project Solutions	–	50.7	**77.6**	66.4	**77.6**	117.1
	–	156.0	**158.9**	133.9	**158.9**	289.9
Total operating profit/(loss):						
Engineering and Technical Services	–	(1.5)	**1.4**	0.9	**1.4**	(0.6)
Oil and Gas	–	–	**1.6**	2.2	**1.6**	2.2
Project Solutions	–	(4.5)	**20.1**	15.4	**20.1**	10.9
Total operating profit/(loss)	–	(6.0)	**23.1**	18.5	**23.1**	12.5
Profit on disposal or closure of operations	–	7.4	**–**	–	**–**	7.4
Profit on ordinary activities before interest	–	1.4	**23.1**	18.5	**23.1**	19.9
Net interest payable	–	–	**(12.7)**	(10.8)	**(12.7)**	(10.8)
Profit on ordinary activities before taxation	–	1.4	**10.4**	7.7	**10.4**	9.1
Taxation on profit on ordinary activities	–	–	**(2.4)**	0.7	**(2.4)**	0.7
Profit for the year	–	1.4	**8.0**	8.4	**8.0**	9.8

SPIE's total operating loss for Engineering and Technical Services in 2003 is after charging goodwill amortisation of £0.7 million.

Total operating profit/(loss) is stated after charging the following:

	2004 £ million	2003 £ million
Goodwill amortisation	**21.6**	17.0
Depreciation	**39.8**	47.8
Operating lease payments:		
Land and buildings	**49.6**	33.7
Plant and equipment (including short-term hire)[i]	**139.3**	119.9
Fees paid to auditors and their associates:		
Audit fees:		
KPMG Audit Plc	**1.7**	1.6
Other auditors	**1.7**	1.4
Non-audit fees:		
KPMG Audit Plc or its associates: taxation – £0.6 million (2003: £0.6 million) and other services – £0.1 million (2003: £0.2 million)[ii]	**0.7**	0.8
Other auditors	**1.0**	0.4

(i) Current annual commitments are detailed in note 28.

(ii) In addition to the above amounts paid to auditors and their associates, due diligence fees paid to KPMG Audit Plc of £0.2 million (2003: £1.2 million) were capitalised as part of the costs of acquisitions in the year ended 31 December 2004.

	2004 £ million	2003 £ million
(Loss)/profit on disposal or closure of operations:		
Engineering and Technical Services	**9.7**	7.4
Oil and Gas	**–**	(0.5)
Project Solutions	**(31.2)**	(6.3)
Goodwill previously written-off to reserves	**(13.0)**	–
	(34.5)	0.6
Profit/(loss) on disposal of fixed assets	**3.7**	(0.4)
	(30.8)	0.2

	2004 £000	2003 £000
Directors' emoluments	**3,557**	3,639
Gains on exercise of share options	**104**	–

More detailed information concerning directors' remuneration, including pension benefits, share options and long-term incentive arrangements, is set out in the directors' remuneration report on pages 49 to 54.

	2004 £ million	2003 £ million
Wages and salaries	**1,226.4**	1,271.0
Social security costs	**298.8**	317.7
Other pension costs	**13.5**	12.8
	1,538.7	1,601.5

The average number of people employed was as follows:

	2004 Number	2003 Number
Engineering and Technical Services	**25,248**	25,891
Oil and Gas	**11,647**	12,806
Project Solutions	**6,765**	7,204
	43,660	45,901

Notes to the accounts

	2004 £ million	2003 £ million
Interest payable and similar charges:		
Group:		
Bank loans and overdrafts	**(40.7)**	(37.1)
Other charges	**(6.4)**	(5.2)
	(47.1)	(42.3)
Joint ventures and associates	**(13.1)**	(12.0)
	(60.2)	(54.3)
Interest receivable and similar income:		
Group:		
Bank and short-term deposits	**16.6**	16.0
Other income	**11.7**	7.9
	28.3	23.9
Joint ventures and associates	**0.4**	1.2
	28.7	25.1
	(31.5)	(29.2)

The group's share of interest capitalised by joint ventures involved in public private partnership projects amounted to £13.1 million (2003: £10.2 million).

	2004 £ million	2003 £ million
Current tax:		
UK corporation taxation at 30.0% (2003: 30.0%)	**20.8**	16.6
Double taxation relief	**(2.7)**	(0.9)
Overseas taxation	**17.7**	21.1
Joint ventures' and associates' taxation	**(1.8)**	(1.4)
	34.0	35.4
Deferred tax:		
UK deferred taxation at 30.0% (2003: 30.0%) – origination and reversal of timing differences	**1.7**	(2.6)
Overseas deferred taxation	**3.2**	–
Joint ventures' and associates' deferred taxation	**4.2**	2.1
	9.1	(0.5)
	43.1	34.9

Included within the current tax charge is £4.4 million (2003: credit of £1.1 million) in respect of exceptional items.

The current tax charge for the year is higher than the standard rate of corporation tax in the UK and is explained as follows:

	2004 £ million	2003 £ million
Profit on ordinary activities before taxation	**65.7**	95.7
Tax charge at 30.0% (2003: 30.0%)	**19.7**	28.7
Goodwill amortisation	**6.4**	4.9
Non-deductible expenses, non taxable income and other differences	**2.2**	0.1
Overseas income and expenses taxed at rates other than 30.0% (2003: 30.0%)	**5.7**	1.7
Current tax charge for the year	**34.0**	35.4

	2004 Pence	2003 Pence	2004 £ million	2003 £ million
Ordinary shares:				
Interim dividend paid 4 January 2005	**3.8**	3.6	**11.3**	10.6
Final recommended dividend payable 1 July 2005	**7.2**	6.9	**23.5**	20.1
	11.0	10.5	**34.8**	30.7

The amounts waived and to be waived by the Trustees of the Long-Term Incentive Plan and Performance Share Plan 2002 in respect of the interim and final dividends is £0.6 million (2003: £0.4 million).

The amounts waived and to be waived by the Trustees of the qualifying employee share ownership trust in respect of the interim and final dividends is £0.1 million (2003: £0.2 million).

In order to appreciate the effect of goodwill amortisation and exceptional items (net of attributable tax) on the reported underlying performance, additional calculations of earnings per ordinary share have been presented.

			2004			2003
	Earnings £ million	**Weighted average ordinary shares Number million**	**Earnings per share Pence**	Earnings £ million	Weighted average ordinary shares Number million	Earnings per share Pence
Basic earnings before goodwill amortisation and exceptional items, net of attributable tax	**78.6**	**295.0**	**26.7**	75.7	293.3	25.8
Goodwill amortisation	**(21.6)**	**–**	**(7.3)**	(17.0)	–	(5.8)
Exceptional items	**(30.8)**	**–**	**(10.5)**	0.2	–	–
Attributable tax on exceptional items	**(4.4)**	**–**	**(1.5)**	1.1	–	0.4
Basic earnings	**21.8**	**295.0**	**7.4**	60.0	293.3	20.4
Basic earnings before goodwill amortisation and exceptional items, net of attributable tax	**78.6**	**295.0**	**26.7**	75.7	293.3	25.8
Share options	**–**	**1.5**	**(0.1)**	–	1.5	(0.1)
Employee share and incentive schemes	**–**	**6.7**	**(0.7)**	–	4.5	(0.4)
Diluted earnings before goodwill amortisation and exceptional items, net of attributable tax	**78.6**	**303.2**	**25.9**	75.7	299.3	25.3
Goodwill amortisation	**(21.6)**	**–**	**(7.1)**	(17.0)	–	(5.8)
Exceptional items	**(30.8)**	**–**	**(10.2)**	0.2	–	0.1
Attributable tax on exceptional items	**(4.4)**	**–**	**(1.4)**	1.1	–	0.4
Diluted earnings	**21.8**	**303.2**	**7.2**	60.0	299.3	20.0

	Goodwill £ million
Group:	
Cost:	
As at 1 January 2004	379.0
Exchange and other movements	10.9
Acquisition of subsidiaries and businesses	9.7
As at 31 December 2004	**399.6**
Amortisation:	
As at 1 January 2004	36.9
Exchange and other movements	(0.1)
Provided during the year	21.6
As at 31 December 2004	**58.4**
Net book value:	
As at 31 December 2004	**341.2**
As at 31 December 2003	342.1

Notes to the accounts

	Land and buildings £ million	Plant and equipment £ million	Total £ million
Group:			
Cost or valuation:			
As at 1 January 2004	93.2	215.4	308.6
Exchange and other movements	(0.3)	(3.5)	(3.8)
Additions and transfers	7.9	46.8	54.7
Property revaluation	1.0	–	1.0
Disposals and transfers	(29.4)	(39.5)	(68.9)
As at 31 December 2004	**72.4**	**219.2**	**291.6**
Depreciation:			
As at 1 January 2004	9.4	92.2	101.6
Exchange and other movements	0.1	(2.1)	(2.0)
Property revaluation	(8.6)	–	(8.6)
Provided during the year	6.8	33.0	39.8
Disposals and transfers	(1.7)	(24.6)	(26.3)
As at 31 December 2004	**6.0**	**98.5**	**104.5**
Net book value:			
As at 31 December 2004	**66.4**	**120.7**	**187.1**
As at 31 December 2003	83.8	123.2	207.0

	Land and buildings £ million	Plant and equipment £ million	Total £ million
Company:			
Cost or valuation:			
As at 1 January 2004	7.4	2.1	9.5
Additions and transfers	1.3	0.1	1.4
Property revaluation	(0.8)	–	(0.8)
Disposals	(0.1)	(0.1)	(0.2)
As at 31 December 2004	**7.8**	**2.1**	**9.9**
Depreciation:			
As at 1 January 2004	0.7	1.5	2.2
Exchange and other movements	0.1	–	0.1
Property revaluation	(0.4)	–	(0.4)
Provided during the year	0.3	0.3	0.6
Disposals	–	(0.1)	(0.1)
As at 31 December 2004	**0.7**	**1.7**	**2.4**
Net book value:			
As at 31 December 2004	**7.1**	**0.4**	**7.5**
As at 31 December 2003	6.7	0.6	7.3

	Group 2004 £ million	Group 2003 £ million	**Company 2004 £ million**	Company 2003 £ million
The net book value of land and buildings comprised:				
Freehold	**55.2**	61.4	**4.9**	4.4
Long leasehold	**6.9**	15.0	**–**	–
Short leasehold	**4.3**	7.4	**2.2**	2.3
	66.4	83.8	**7.1**	6.7
The cost or valuation of land and buildings comprised:				
Cost	**26.3**	55.5	**2.9**	2.8
External valuation in 1999	**–**	37.7	**–**	4.6
External valuation in 2004	**46.1**	–	**4.9**	–
	72.4	93.2	**7.8**	7.4

All significant freehold and long leasehold properties were externally valued as at 31 December 2004 by CB Richard Ellis Limited in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors.

For the United Kingdom, the basis of revaluation was existing use value for properties occupied by group companies and market value for those properties without group occupancy. For properties outside the United Kingdom, the appropriate country valuation standards were adopted which generally reflect market value.

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, was as follows:

	Group 2004 £ million	Group 2003 £ million	**Company 2004 £ million**	Company 2003 £ million
Cost	**39.2**	46.4	**9.3**	8.6
Depreciation	**(10.6)**	(13.9)	**(2.5)**	(1.7)
Net book value	**28.6**	32.5	**6.8**	6.9

	2004 £ million	2003 £ million
Company:		
Investments in subsidiaries:		
Shares at cost less amounts written-off	**1,495.1**	1,505.8
Amounts owed by subsidiaries	**411.3**	401.4
Amounts owed to subsidiaries	**(1,014.6)**	(1,056.7)
	891.8	850.5

	Joint ventures £ million	**Associates £ million**	**Other investments £ million**	**Total £ million**
Group:				
Net book value:				
As at 1 January 2004	54.1	12.7	30.3	97.1
Exchange and other movements	3.4	0.2	–	3.6
Additions and transfers	12.9	–	7.2	20.1
Disposals and amounts written-off	(5.7)	(14.0)	–	(19.7)
Net movement in share of reserves	11.1	1.1	–	12.2
Dividends received	(0.2)	–	–	(0.2)
As at 31 December 2004	**75.6**	**–**	**37.5**	**113.1**
Represented by:				
Shares at cost less amounts written-off	21.1	–	37.5	58.6
Share of post acquisition results	24.2	–	–	24.2
Net loans from group companies	30.3	–	–	30.3
	75.6	–	37.5	113.1
Company:				
Cost:				
As at 1 January 2004	11.1	–	0.1	11.2
Disposals	(1.0)	–	–	(1.0)
As at 31 December 2004	**10.1**	**–**	**0.1**	**10.2**

Principal group companies are listed on page 82.

Notes to the accounts

An analysis of the group's share of net assets of joint ventures was as follows:

	Total 2004 £ million	Total 2003 £ million
Fixed assets	245.6	215.6
Current assets	499.2	447.4
Share of gross assets	744.8	663.0
Loans to group companies	(35.1)	(23.3)
Group share of gross assets	709.7	639.7
Liabilities due within one year	(69.1)	(51.6)
Liabilities due after one year	(569.8)	(540.5)
Share of gross liabilities	(638.9)	(592.1)
Loans from group companies	4.8	6.5
Group share of gross liabilities	(634.1)	(585.6)
Share of net assets	75.6	54.1

	2004 £ million	2003 £ million
Group:		
Development land and work in progress	71.8	69.9
Raw materials and consumables	6.6	7.6
Other work in progress	2.0	16.4
Finished goods and goods for resale	11.0	8.1
	91.4	102.0

	Group 2004 £ million	Group 2003 £ million	Company 2004 £ million	Company 2003 £ million
Debtors: amounts falling due within one year				
Amounts recoverable on contracts	512.2	476.1	–	–
Trade debtors	1,137.9	964.7	5.6	3.6
Amounts owed by subsidiaries	–	–	3.5	2.3
Amounts owed by joint ventures	1.3	3.4	0.2	0.1
Other debtors	48.3	73.7	1.4	1.2
Prepayments and accrued income	23.8	23.7	2.2	2.1
	1,723.5	1,541.6	12.9	9.3
Debtors: amounts falling due after one year				
Trade debtors	99.2	105.0	–	–
Amounts owed by joint ventures	4.4	1.6	–	–
Other debtors	0.2	0.3	–	–
Prepayments and accrued income	80.5	70.7	76.1	66.0
	184.3	177.6	76.1	66.0
	1,907.8	1,719.2	89.0	75.3

	Group 2004 £ million	Group 2003 £ million	Company 2004 £ million	Company 2003 £ million
Bank and other loans and overdrafts	46.0	109.8	21.4	–
Payments on account	177.7	180.3	–	–
Trade creditors	1,277.0	1,163.9	7.0	4.7
Amounts owed to subsidiaries	–	–	0.4	0.4
Amounts owed to joint ventures	2.5	2.9	0.4	3.0
Corporation tax	29.9	22.7	1.8	2.2
Other taxation and social security costs	270.5	272.3	2.8	13.8
Other creditors	59.3	44.0	6.6	9.0
Accruals and deferred income	70.4	92.4	11.6	12.1
Dividends	34.8	30.8	34.8	30.8
	1,968.1	1,919.1	86.8	76.0

	Group 2004 £ million	Group 2003 £ million	Company 2004 £ million	Company 2003 £ million
Bank and other loans	537.2	473.1	524.8	448.8
Trade creditors	26.9	39.5	–	–
Amounts owed to joint ventures	–	–	4.0	4.0
Other taxation and social security costs	6.4	3.7	–	–
Other creditors	2.8	2.3	–	–
Accruals and deferred income	70.8	68.7	–	–
	644.1	587.3	528.8	452.8

The maturity of borrowings was as follows:

	Group 2004 £ million	Group 2003 £ million	Company 2004 £ million	Company 2003 £ million
Due:				
In one year or less, or on demand	46.0	109.8	21.4	–
Between one and two years	5.9	184.1	–	180.0
Between two and five years	423.6	168.0	419.9	159.6
In more than five years	107.7	121.0	104.9	109.2
	583.2	582.9	546.2	448.8

The available undrawn committed bank facilities were as follows:

	2004 £ million	2003 £ million
Group:		
Expiring in:		
In one year or less	–	42.7
Between one and two years	6.4	40.0
In more than two years	329.7	176.8
	336.1	259.5

Notes to the accounts

Details of the group's policies on the use of financial instruments are provided in the Operating and Financial Review on pages 32 to 39. As permitted by FRS 13 'Derivatives and other financial instruments: disclosures', short-term debtors and creditors have been excluded from the following analyses.

The interest rate risk currency profile of financial assets and liabilities was as follows:

	2004				2003			
	Non interest bearing £ million	**Floating rate £ million**	**Fixed rate £ million**	**Total £ million**	Non interest bearing £ million	Floating rate £ million	Fixed rate £ million	Total £ million
Group:								
Financial assets:								
Sterling	**45.4**	**41.0**	**–**	**86.4**	73.3	43.8	0.1	117.2
Euro	**114.0**	**98.5**	**0.1**	**212.6**	117.3	96.2	1.1	214.6
US dollar	**6.0**	**23.3**	**–**	**29.3**	5.8	56.4	–	62.2
Hong Kong dollar	**2.0**	**3.6**	**–**	**5.6**	6.1	17.5	–	23.6
Canadian dollar	**0.1**	**11.5**	**–**	**11.6**	0.2	3.9	–	4.1
Other	**17.2**	**7.1**	**0.1**	**24.4**	10.3	7.6	0.3	18.2
	184.7	**185.0**	**0.2**	**369.9**	213.0	225.4	1.5	439.9

Floating rate financial assets comprise cash at bank and in hand which bears interest at prevailing market rates.

	2004				2003			
	Non interest bearing £ million	**Floating rate £ million**	**Fixed rate £ million**	**Total £ million**	Non interest bearing £ million	Floating rate £ million	Fixed rate £ million	Total £ million
Group:								
Financial liabilities:								
Sterling	**30.4**	**344.1**	**45.0**	**419.5**	62.6	255.0	45.0	362.6
Euro	**78.5**	**101.9**	**13.0**	**193.4**	81.3	146.0	25.4	252.7
US dollar	**2.2**	**12.6**	**60.0**	**74.8**	2.3	–	64.8	67.1
Hong Kong dollar	**0.5**	**1.3**	**–**	**1.8**	1.6	5.0	–	6.6
Canadian dollar	**1.4**	**–**	**0.2**	**1.6**	1.4	–	0.4	1.8
Other	**0.4**	**–**	**–**	**0.4**	0.2	8.1	–	8.3
	113.4	**459.9**	**118.2**	**691.5**	149.4	414.1	135.6	699.1

Floating rate financial liabilities comprise borrowings which primarily bear interest at a margin over the relevant inter-bank rate. The fixed rate financial liabilities relate to certain bank and other loans. The weighted average interest rate of the fixed rate loans as at 31 December 2004 was 5.4 *per cent (2003: 5.4 per cent).*

The maturity of the financial liabilities was as follows:

	2004 £ million	2003 £ million
Group:		
Due:		
In one year or less, or on demand	**50.3**	122.8
Between one and two years	**70.6**	245.0
Between two and five years	**424.5**	209.2
Over five years	**146.1**	122.1
	691.5	699.1

There is no material difference between the book and fair value of financial assets and liabilities save for financial liabilities in the two to five years category which have a book value of £424.5 million and a fair value of £343.8 million as at 31 December 2004 (£209.2 million and £186.3 million respectively as at 31 December 2003) and those in the over five years category which have a book value of £146.1 million and £116.0 million respectively as at 31 December 2004 (2003: £122.1 million and £86.3 million).

As at 31 December 2004, there were six outstanding interest rate swaps under which the group pays a fixed rate of interest and receives a floating rate based on six months' LIBOR. The instruments cover US dollars, Canadian dollars, Euro and Sterling, and have a Sterling equivalent of £65.0 million. The expiry dates range from January 2005 to January 2008, with a weighted average period to maturity of 29 months as at 31 December 2004.

In addition, there were two outstanding interest rate swaps under which the group pays a floating rate of interest and receives a fixed rate. The instruments cover US dollars with a Sterling equivalent of £15.6 million and expire in July 2013.

After taking into account the effects of forward foreign currency exchange contracts, there were no material currency exposures in respect of monetary assets and liabilities that are not denominated in the functional currency of the relevant business unit.

Gains and losses on instruments used for hedging purposes are not recognised until the exposure that is being hedged is recognised in either the profit and loss account or via an adjustment to the carrying value of an asset on the balance sheet.

There were no material unrecognised gains or losses at the beginning or end of the year.

	Deferred taxation £ million	Insurance £ million	Onerous property contracts £ million	Retirement indemnities £ million	Total £ million
Group:					
As at 1 January 2004	–	25.3	5.1	26.9	57.3
Exchange and other movements	0.2	–	–	0.8	1.0
Included within debtors	(10.4)	–	–	–	(10.4)
Utilised	(2.8)	–	(1.5)	–	(4.3)
Profit and loss account	9.1	3.1	0.1	–	12.3
Transfer to debtors	3.9	–	–	–	3.9
As at 31 December 2004	**–**	**28.4**	**3.7**	**27.7**	**59.8**

	Deferred taxation £ million
Company:	
As at 1 January 2004	20.7
Profit and loss account	1.2
As at 31 December 2004	**21.9**

The deferred tax (asset)/provision is analysed as follows:

	Group 2004 £ million	Group 2003 £ million	**Company 2004 £ million**	Company 2003 £ million
Difference between accumulated depreciation and capital allowances	**(2.7)**	(2.6)	**0.3**	0.3
Other timing differences	**15.8**	3.9	**21.6**	20.4
Tax losses	**(17.0)**	(11.7)	**–**	–
	(3.9)	(10.4)	**21.9**	20.7

The authorised share capital of the company is £350.0 million (2003: £350.0 million).

	2004 £ million	2003 £ million
Group and company:		
Allotted, called up and fully paid ordinary shares of 50 pence each	**151.0**	149.6

The movement in issued share capital during the year was as follows:

	Number	£ million
Group and company:		
As at 1 January 2004	**299,164,181**	149.6
Qualifying employee share ownership trust allotments	**2,538,668**	1.3
Exercise of executive share options	**146,902**	0.1
Exercise of AGRA Inc. stock options	**61,060**	–
As at 31 December 2004	**301,910,811**	151.0

Notes to the accounts

There are no performance criteria for the Savings Related Share Option Scheme. The performance criteria for the Executive Share Option Scheme 1995 has been met in prior periods and the criteria for the Executive Share Option Scheme 2002 are outlined in the Directors' Remuneration Report on page 50.

The number of share options outstanding under the Savings Related and Executive Schemes as at 31 December 2004 was as follows.

	Option price per share Pence	Number
Savings Related Share Option Scheme		
Normally exercisable in the period between:		
July 2004 and December 2004	181.00	50,994
January 2004 and June 2004	230.00	842
January 2007 and June 2007	218.00	5,673,512
		5,725,348
Executive Share Option Scheme 1995		
Normally exercisable in the period between:		
February 1999 and February 2006	99.00	600,000
April 2000 and April 2007	144.00	501,388
March 2001 and March 2008	153.50	19,543
April 2003 and April 2010	169.00	10,000
		1,130,931
Executive Share Option Scheme 2002		
Normally exercisable in the period between:		
October 2005 and October 2012	219.75	2,088,002
March 2007 and March 2013	183.25	70,000
September 2007 and September 2013	276.25	2,811,541
September 2008 and September 2014	320.00	2,538,726
		7,508,269

In April 2000, AMEC acquired AGRA Inc. (now AMEC Inc.). At the time of the acquisition, AGRA Inc. Stock Option Plans were available to senior AGRA employees. Grants of stock options were approved and the conditions for the exercise of grants were established by the AGRA Inc. board of directors. The Plans were approved under the rules of the Montreal and Toronto Stock Exchanges. No performance criteria are required to be met prior to exercise of options pursuant to the Plans.

Employees holding options under the Plans were permitted to roll-over their options over AGRA Inc. shares into options over AMEC plc shares following the acquisition. The resultant AMEC options outstanding as at 31 December 2004 are as follows:

	Option price per share Pence	Number
AGRA Inc. 10 year Stock Option Plan		
Normally exercisable in the period between:		
February 2000 and February 2009	132.20	610
December 2000 and December 2009	171.30	24,424
		25,034

As at 31 December 2004, there were 3,019 participants in the Savings Related Scheme, 182 participants in the Executive Schemes and 2 participants in the AGRA Plan.

During the year, under the provisions of the Savings Related Scheme, 3,140,312 shares were transferred to participants from the qualifying employee share ownership trust (Quest) for a total consideration of £7.0 million. The company received £7.0 million from employees in respect of 2,538,668 shares allotted to the Quest.

Under the provisions of the Executive Schemes, 146,902 shares were allotted to participants for a total consideration of £0.3 million and, under the provisions of the AGRA Inc. Plans, 61,060 shares were allotted to participants for a total consideration of £0.1 million.

The closing price of the shares at 31 December 2004 was 297.75 pence (2003: 260.00 pence).

No options were granted during the year under the provisions of the AMEC Savings Related Share Option Scheme.

Options over 2,538,726 shares were granted pursuant to the terms of the Executive Share Option Scheme 2002.

	Share premium account £ million	Revaluation reserve £ million	Capital redemption reserve £ million	Profit and loss account £ million	Total £ million
Group:					
As at 1 January 2004 (as originally stated)	82.8	11.1	17.2	6.4	117.5
Prior year adjustment (note 1)	–	–	–	(6.0)	(6.0)
As at 1 January 2004 (as restated)	82.8	11.1	17.2	0.4	111.5
Exchange and other movements	–	–	–	(11.8)	(11.8)
Shares issued	6.0	–	–	–	6.0
Transfers on disposals	–	(0.6)	–	0.6	–
Surplus on revaluation	–	9.6	–	–	9.6
Goodwill written back on disposal or closure of operations	–	–	–	13.0	13.0
Movements relating to the Long-Term Incentive Plan and Performance Share Plan 2002	–	–	–	(1.5)	(1.5)
Retained loss for the year	–	–	–	(13.0)	(13.0)
As at 31 December 2004	**88.8**	**20.1**	**17.2**	**(12.3)**	**113.8**
Company:					
As at 1 January 2004 (as originally stated)	82.8	0.3	17.2	159.9	260.2
Prior year adjustment (note 1)	–	–	–	(6.0)	(6.0)
As at 1 January 2004 (as restated)	82.8	0.3	17.2	153.9	254.2
Exchange and other movements	–	0.6	–	(2.5)	(1.9)
Shares issued	6.0	–	–	–	6.0
Deficit on property revaluation	–	(0.4)	–	–	(0.4)
Movements relating to the Long-Term Incentive Plan and Performance Share Plan 2002	–	–	–	(1.5)	(1.5)
Retained loss for the year	–	–	–	(42.4)	(42.4)
As at 31 December 2004	**88.8**	**0.5**	**17.2**	**107.5**	**214.0**

Included within the profit and loss account is £7.5 million (2003: £6.0 million) in respect of 5,313,367 (2003: 4,008,353) shares of 50 pence each in the company, held by the trustees of the AMEC plc Employee Share Trust to satisfy awards in respect of the Long-Term Incentive Plan and the Performance Share Plan 2002. The cost of these shares is being written-off to the profit and loss account over the period between the dates of the awards and the expected vesting of the shares. The market value of these shares as at 31 December 2004 was £15.8 million (2003: £10.4 million).

A qualifying employee share ownership trust (Quest) was established on 26 August 1999. The Quest holds shares issued by the company in connection with the savings related share option scheme. During the year the company allotted 2,538,668 (2003: 59,629) shares to the Quest and the Quest transferred 3,140,312 (2003: 72,109) of these shares to employees exercising options.

As at 31 December 2004 the Quest held 1,006,693 (2003: 1,608,337) shares and these are included within investments at £nil (2003: £nil).

The cumulative goodwill (at historic exchange rates) written-off against reserves in respect of acquisitions prior to 1 January 1998, when FRS 10 'Goodwill and intangible assets' was adopted, amounts to £187.2 million (2003: £200.2 million).

The loss of the company for the year was £7.6 million.

	2004 £ million	2003 £ million
Group operating profit	**104.9**	112.2
Goodwill amortisation	**21.6**	16.3
Depreciation	**39.8**	47.8
Decrease/(increase) in stocks	**10.0**	(0.3)
(Increase)/decrease in debtors	**(206.2)**	307.7
Increase/(decrease) in creditors and provisions	**52.0**	(382.2)
Exchange and other movements	**(2.7)**	(3.6)
Net cash flow from operating activities	**19.4**	97.9

Notes to the accounts

	2004 £ million	2003 £ million
(Decrease)/increase in cash	**(33.3)**	95.5
Cash flow from movement in debt	**1.7**	(291.3)
Cash flow from movement in liquid resources	**(32.8)**	20.2
Change in funds resulting from cash flows	**(64.4)**	(175.6)
Exchange and other non cash movements	**(1.2)**	(5.2)
Movement in net funds in the year	**(65.6)**	(180.8)
Net funds as at 1 January	**(218.1)**	(37.3)
Net funds as at 31 December	**(283.7)**	(218.1)

	As at 1 January 2004 £ million	Cash flow £ million	Exchange and other non-cash movements £ million	As at 31 December 2004 £ million
Cash at bank and in hand	243.8	(26.8)	(2.5)	**214.5**
Overdrafts	(22.9)	(6.5)	(0.1)	**(29.5)**
		(33.3)		
Debt due within one year	(86.9)	69.6	0.8	**(16.5)**
Debt due after one year	(473.1)	(67.9)	3.8	**(537.2)**
		1.7		
Liquid resources	121.0	(32.8)	(3.2)	**85.0**
	(218.1)	(64.4)	(1.2)	**(283.7)**

Liquid resources comprise short-term bank deposits, investments in government and corporate bonds and floating rate notes.

All acquisitions in 2004 have been accounted for under the acquisition method of accounting and a provisional assessment of the fair value to the group of the assets and liabilities acquired has been made.

A number of small acquisitions were made in the year ended 31 December 2004 for an aggregate consideration of £11.0 million. The aggregate book value of the identifiable assets and liabilities was £1.3 million and the aggregate goodwill arising on the acquisitions was £9.7 million.

The acquisition cost of joint ventures and other investments amounted to £20.1 million in 2004 and principally related to investments in public private partnership projects.

Joint ventures, associates and other investments with a carrying value of £19.7 million were disposed of in the year, realising proceeds of £19.7 million.

	Group 2004 £ million	Group 2003 £ million	Company 2004 £ million	Company 2003 £ million
Contracted but not provided for in the accounts	**1.2**	2.2	**–**	–

As at 31 December 2004, there was a commitment to invest a total of £36.0 million (2003: £56.7 million) in various public private and regeneration partnership projects.

The current annual commitments payable under non-cancellable operating leases were as follows:

	Land and buildings 2004 £ million	Land and buildings 2003 £ million	**Plant and equipment 2004 £ million**	Plant and equipment 2003 £ million
Group:				
Expiring:				
In one year or less	**6.3**	1.3	**9.2**	5.0
Between two and five years	**14.2**	10.7	**9.6**	15.0
Over five years	**10.2**	19.3	**0.1**	0.1
	30.7	31.3	**18.9**	20.1
Company:				
Expiring:				
Over five years	**–**	0.4	**–**	–

Guarantees given by the company in respect of borrowings of subsidiaries amounted to £nil as at 31 December 2004 (2003: £0.2 million).

The borrowings of joint ventures, consolidated on a gross equity basis, are generally without recourse to AMEC other than for normal performance obligations which are usually given on a several basis. AMEC has provided guarantees in respect of committed bank facilities granted to certain property joint ventures. The borrowings drawn against these facilities amounted to £35.0 million at 31 December 2004 (2003: £37.0 million) and the current debt service ratios for these joint ventures are all within the agreed levels.

The company and certain subsidiaries have given counter indemnities in respect of performance bonds issued, on behalf of group companies, in the normal course of business.

On 2 February 2005, AMEC completed a series of transactions that resulted in the disposal of its effective interest in Derech Eretz Highway (1997) Limited, which owns the concession rights for the Cross Israel Highway, Derech Eretz Construction joint venture, which undertook the design and construction of the Highway and Derech Eretz Highways Management Corporation Limited which acts as the operator to the Highway. As a result of these disposals, AMEC has been released from all guarantees and obligations relating to its various interests as at 31 December 2004.

Prior to the disposal, AMEC had provided direct and indirect support on a joint and several basis for a performance bond on the Cross Israel Highway Concession (the "Concession") for an amount of £78.1 million as at 31 December 2004 (2003: £83.7 million). In addition, AMEC had also provided support on a joint and several basis, both directly to an intermediate holding company and indirectly from the intermediate holding company, to the Concession for letters of credit that the Concession had procured from external banks. These letters principally relate to the performance obligations of the Concession. The intermediate company (in which AMEC had a one third share) had a third share in the Concession and its share of the performance obligations of the Concession amounted to £10.9 million as at 31 December 2004 (2003: £28.8 million). The performance obligations of the Concession amounted to £32.7 million as at 31 December 2004 (2003: £86.4 million).

As at 31 December 2004, AMEC has a commitment to invest £36.0 million (2003: £56.7 million) in joint venture projects. It has also provided guarantees on certain projects to invest further amounts of up to £16.4 million (2003: £9.8 million) if the projects do not perform satisfactorily. No future adverse events, however, are currently envisaged.

Notes to the accounts

AMEC takes internal and external legal advice in considering known legal claims and actions made by or against the company. Consequently it carefully assesses the likelihood of the success of a claim or action. AMEC makes an appropriate provision for those legal claims or actions for and against the company on the basis of the likely outcome, but makes no provision for those which are unlikely to succeed.

During 1994 and 1995, AMEC Construction Management Inc. (ACMI), (a wholly owned subsidiary of AMEC plc), entered into various contracts with the United States General Services Administration (GSA) for the construction of courthouses in Missouri and California and for the refurbishment and seismic upgrade of a US Customs House in California. The total value of these contracts at point of signing was in the order of US$290 million. Due, inter alia, to unforeseen site conditions, client delays and numerous design and scope changes, ACMI suffered significant cost overruns and submitted substantial recovery claims.

In June 1999, GSA terminated the right of ACMI to complete one contract, which at that stage was 85 per cent complete. ACMI contested the termination and sued the GSA for recovery of all claims on this contract.

The United States Department of Justice then filed a counterclaim alleging false claims on the GSA contracts and sought to argue that, as a result, ACMI had forfeited its rights to recovery of all claims.

ACMI, upon legal advice, pleaded guilty in December 2000 and November 2001 to two federal felonies and paid two fines totalling approximately US$1.2 million. AMEC also agreed to introduce additional ethical processes and procedures, both for the North American workforce and for those staff employed by AMEC, whose responsibilities caused them to have regular business contact with AMEC Americas and thus, the US Government.

The GSA subsequently filed a motion for summary judgement seeking an order declaring that ACMI had forfeited its claims on all the projects. ACMI opposed the motion and oral argument was held in February 2004. There were no further developments in the year ended 31 December 2004 and a decision is not expected for at least six months.

AMEC continues to hope that an amicable settlement of all the outstanding issues with the GSA can be secured but there is, at this time, no certainty that such an outcome will be achieved.

The group operates a number of pension schemes for United Kingdom and overseas employees. All United Kingdom members are in defined benefit schemes and the majority of overseas employees are in defined contribution schemes.

Contributions by employees and employers are paid in accordance with the advice of qualified actuaries and are held separately from the assets of the group in trustee administered funds.

The total pension cost for the group was £13.5 million (2003: £12.8 million) and there is a prepayment of pension costs as at 31 December 2004 of £80.1 million (2003: £70.3 million) included within debtors: amounts falling due after one year.

The projected unit valuation method has been used to assess liabilities and future funding rates for the three major schemes which cover approximately 90 per cent of United Kingdom members. The latest actuarial valuations of these schemes were undertaken as at 31 December 2001 and 1 April 2002. These showed that the market value of the assets was £1,058.6 million, with the actuarial value of assets being sufficient to cover 114 per cent of the accrued benefits. The principal assumptions were based upon future investment returns of 5.50 to 6.30 per cent, future pensionable salary increases of 3.70 to 4.75 per cent, future pension increases of 2.50 to 2.70 per cent and valuation rates of interest of 5.50 to 5.60 per cent.

The valuations used for FRS 17 disclosures have been based on the most recent valuations of the three major schemes as at 31 December 2001 and 1 April 2002, and updated by the schemes' actuaries for the requirement to assess the present value of the liabilities of the schemes as at 31 December. The assets of the schemes are stated at their aggregate market value as at 31 December.

The financial assumptions used to calculate the schemes' liabilities under FRS 17, on a projected unit valuation method, are as follows:

	2004 Per cent	2003 Per cent	2002 Per cent
Rate of discount	**5.3**	5.4	5.5
Rate of inflation	**2.7**	2.7	2.3
Rate of increase in salaries	**3.8**	3.7	3.3
Rate of increase in pensions in payment	**2.8**	2.7	2.3

The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The market value of the schemes' assets, (which are not intended to be realised in the short-term, and may be subject to significant change before they are realised), and the present value of the schemes' liabilities (which are derived from cash flow projections over long periods and thus inherently uncertain) were as follows:

	Long-term rate of return expected as at 31 December 2004 Per cent	**Value as at 31 December 2004 £ million**	Long-term rate of return expected as at 31 December 2003 Per cent	Value as at 31 December 2003 £ million	Long-term rate of return expected as at 31 December 2002 Per cent	Value as at 31 December 2002 £ million
Equities	**7.5**	**620.4**	7.8	621.3	7.5	459.9
Bonds	**5.3**	**422.6**	5.4	360.1	5.5	380.1
Property	**6.5**	**88.8**	6.8	90.1	6.5	75.9
Cash	**4.5**	**29.7**	4.5	3.4	4.5	25.2
Total market value of schemes' assets		**1,161.5**		1,074.9		941.1
Present value of schemes' liabilities		**(1,042.6)**		(954.6)		(825.7)
Surplus in the schemes		**118.9**		120.3		115.4
Related deferred tax liability		**(35.7)**		(36.1)		(34.6)
Net pension asset arising under FRS 17		**83.2**		84.2		80.8

The movement in the surplus in the schemes during the year is as follows:

	2004 Group £ million	2003 Group £ million
Surplus in the schemes as at 1 January	**120.3**	115.4
Current service cost	**(29.5)**	(25.7)
Contributions paid	**16.8**	16.4
Other financial income	**21.0**	14.9
Actuarial losses	**(9.7)**	(0.7)
Surplus in the schemes as at 31 December	**118.9**	120.3

If FRS 17 had been fully adopted in these accounts the pension costs charged would have been as follows:

Analysis of other pension costs charged in arriving at group operating profit:	**2004 Group £ million**	2003 Group £ million
Current service cost	**29.5**	25.7

Analysis of the amount credited to other financial income:	**2004 Group £ million**	2003 Group £ million
Expected return on pension schemes' assets	**69.5**	57.7
Interest on pension schemes' liabilities	**(48.5)**	(42.8)
Other financial income	**21.0**	14.9

Analysis of amounts included in the consolidated statement of total recognised gains and losses:	**2004 Group £ million**	2003 Group £ million
Actual return less expected return on schemes' assets	**27.8**	84.7
Experience gains and losses on schemes' liabilities	**(0.7)**	(7.0)
Changes in assumptions	**(36.8)**	(78.4)
Actuarial losses	**(9.7)**	(0.7)

Notes to the accounts

If FRS 17 had been fully adopted in these accounts the net assets and profit and loss account reserve would have been as follows:

Net assets	2004 Group £ million	2003 Group £ million
Net assets per consolidated balance sheet	**268.1**	268.5
SSAP 24 prepayment (net of deferred tax)	**(56.1)**	(49.2)
Net assets excluding SSAP 24 prepayment	**212.0**	219.3
Net pension asset arising under FRS 17	**83.2**	84.2
Net assets including net pension asset arising under FRS 17	**295.2**	303.5

Profit and loss account reserve	2004 Group £ million	2003 Group £ million
Profit and loss account reserve per consolidated balance sheet	**(12.3)**	0.4
SSAP 24 prepayment (net of deferred tax)	**(56.1)**	(49.2)
Profit and loss account reserve excluding SSAP 24 prepayment	**(68.4)**	(48.8)
Net pension asset arising under FRS 17	**83.2**	84.2
Profit and loss account reserve including net pension asset arising under FRS 17	**14.8**	35.4

The history of experience gains and losses has been as follows:

	2004 Group £ million	2004 Group Per cent	2003 Group £ million	2003 Group Per cent	2002 Group £ million	2002 Group Per cent
Difference between expected and actual return on scheme assets	**27.8**		84.7		(150.7)	
Percentage of scheme assets		**2.4**		7.9		(16.0)
Experience gains and losses on scheme liabilities	**(0.7)**		(7.0)		(4.6)	
Percentage of scheme liabilities		**(0.1)**		(0.7)		(0.6)
Total amount recognised in statement of total recognised gains and losses	**(9.7)**		(0.7)		(204.0)	
Percentage of scheme liabilities		**(0.9)**		(0.1)		(24.7)

During the year there were a number of transactions with joint ventures, associates and joint arrangements, all of which arose in the normal course of business. These transactions and the related balances outstanding as at 31 December are as follows:

	Value of transactions in the year		Outstanding balance as at 31 December	
	2004 £ million	2003 £ million	2004 £ million	2003 £ million
Services rendered	**59.6**	63.2	**6.5**	8.3
Services received	**3.0**	19.0	**–**	0.6
Sale of fixed assets	**29.7**	49.2	**–**	–
Purchase of fixed assets	**–**	1.6	**–**	–
Provision of finance	**18.0**	14.3	**25.4**	44.0

The amounts receivable from, and payable to, joint ventures are disclosed in notes 15 and 16.

Statement of directors' responsibilities

The following should be read in conjunction with the report of the auditors which is set out on the following page.

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; and
- 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.

Independent auditors' report to the members of AMEC plc

We have audited the accounts on pages 55 to 78. We have also audited the information in the directors' remuneration report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report or for the opinions we have formed.

The directors are responsible for preparing the annual report and the directors' remuneration report. As described on the previous page, this includes responsibility for preparing the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and whether the accounts and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We review whether the Corporate Governance statement on pages 46 to 48 reflects the company's compliance with the nine provisions of the 2003 FRC Code specified for our review by the Listing Rules and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the annual report, including the corporate governance statement and the unaudited part of the directors' remuneration report, and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

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 the part of the directors' remuneration report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and 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 and the part of the directors' remuneration report to be audited 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 and the part of the directors' remuneration report to be audited.

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 2004 and of the profit of the group for the year then ended; and
- the accounts and the part of the directors' remuneration report, on pages 52 to 54, to be audited have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Manchester
10 March 2005

KPMG Audit Plc

Five year record

	2004 £ million	2003 £ million	2002 £ million	2001 £ million	2000 £ million
Summarised consolidated results					
Total turnover	**4,816.4**	4,712.7	4,331.6	4,467.5	3,980.0
Profit on ordinary activities before goodwill amortisation, exceptional items and taxation:	**118.1**	112.5	105.2	116.7	96.9
Goodwill amortisation	**(21.6)**	(17.0)	(13.1)	(11.1)	(6.7)
Exceptional items:					
Reorganisation costs	**–**	–	(12.9)	–	–
(Loss)/profit on disposal or closure of operations	**(21.5)**	0.6	(12.0)	(24.0)	(6.8)
Attributable goodwill	**(13.0)**	–	(28.0)	(0.5)	(3.6)
Profit/(loss) on disposal of fixed assets	**3.7**	(0.4)	–	(0.4)	–
	(30.8)	0.2	(52.9)	(24.9)	(10.4)
Profit on ordinary activities before taxation	**65.7**	95.7	39.2	80.7	79.8
Taxation on profit on ordinary activities	**(43.1)**	(34.9)	(28.6)	(33.3)	(29.9)
Profit on ordinary activities after taxation	**22.6**	60.8	10.6	47.4	49.9
Equity minority interests	**(0.8)**	(0.8)	0.2	–	(0.1)
Profit for the year	**21.8**	60.0	10.8	47.4	49.8
Dividends on equity shares	**(34.8)**	(30.7)	(29.5)	(25.9)	(18.8)
Dividends on non-equity shares	**–**	–	–	(15.8)	(9.2)
Retained (loss)/profit for the year	**(13.0)**	29.3	(18.7)	5.7	21.8
Basic earnings per ordinary share	**7.4p**	20.4p	3.7p	13.7p	19.1p
Diluted earnings per ordinary share*	**25.9p**	25.3p	24.3p	26.5p†	23.5p
Dividends per ordinary share	**11.0p**	10.5p	10.0p	9.5p	8.5p
Dividend cover*	**2.4x**	2.4x	2.4x	2.8x	2.8x
Summarised consolidated balance sheets					
Fixed assets	**641.4**	646.2	391.5	457.4	449.4
Net working capital	**(29.8)**	(102.3)	(57.7)	(84.9)	91.8
Net debt	**(283.7)**	(218.1)	(37.3)	(44.6)	(211.8)
Provisions for liabilities and charges	**(59.8)**	(57.3)	(47.1)	(44.2)	(48.6)
Net assets	**268.1**	268.5	249.4	283.7	280.8
Shareholders' funds	**264.8**	261.1	247.6	281.5	278.6
Equity minority interests	**3.3**	7.4	1.8	2.2	2.2
	268.1	268.5	249.4	283.7	280.8

The figures are stated in accordance with the accounting policies set out on page 60.

*Before goodwill amortisation and exceptional items.

†Pro forma basis assuming preference shares were converted to ordinary shares on 1 January 2001.

Principal group companies

As at 31 December 2004

The subsidiaries and joint ventures which, in the opinion of the directors, principally affect group trading results and net assets are listed below. Except where indicated, all subsidiaries listed below are wholly owned, incorporated in Great Britain and carry on their activities principally in their countries of incorporation. Shares are held by subsidiary companies except where marked with an asterisk where they are held directly by the company. 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.

AMEC S.A. (France)
AMEC Americas Limited (Canada) (note 1)
AMEC Australia Pty Limited (Australia) (note 2)
AMEC (Bermuda) Limited (Bermuda)
AMEC Biopharmaceuticals Inc. (USA)
AMEC BKW Limited
AMEC Capital Projects Limited
AMEC Civil Engineering Limited
AMEC Civil Inc. (USA)
AMEC Civil LLC (USA) (80%) (note 3)
AMEC Construction Limited
AMEC Construction Management Inc. (USA)
AMEC Developments Limited
AMEC Dynamic Structures Ltd. (Canada)
AMEC Dynamic Structures Inc. (USA)
AMEC Earth & Environmental Inc. (USA)
AMEC Earth & Environmental (UK) Limited
AMEC E&C Services Inc. (USA)
AMEC Facilities Limited
*AMEC Finance Limited
AGRA Foundations Limited (Canada)
AGRA Foundations Inc. (USA)
*AMEC Group Limited
AMEC Group Singapore Pte Limited (Singapore)
AMEC Holdings Inc. (USA)
AMEC Inc. (Canada)
AMEC Infrastructure Inc. (USA)
AMEC Infrastructure Limited (Canada)
AMEC Ingenieurbau GmbH (Germany)
AMEC Internal Asset Management Limited
AMEC International Construction Limited
(operating outside the United Kingdom)
*AMEC Investments Limited
AMEC Kamtech Inc. (USA)
AMEC Offshore Inc. (USA)
AMEC Offshore Services Limited
AMEC Paragon Inc. (USA) (acquired 20 January 2005)
AMEC Pipeline Professionals Inc. (USA)
AMEC Power Limited
AMEC Project Investments Limited
*AMEC Property and Overseas Investments Limited
*AMEC Services Limited (note 4)
AMEC SPIE S.A. (France)
AMEC SPIE Benelux b.v. (Belgium)
AMEC SPIE Capag S.A. (France)
AMEC SPIE Communications S.A. (France)
AMEC SPIE Energie Services S.A. (France)
AMEC SPIE Est SAS (France)
AMEC SPIE Ile-de-France Nord-Ouest SAS (France)
AMEC SPIE Oil and Gas Services SAS (France)
AMEC SPIE Ouest-Centre SAS (France)
AMEC SPIE Rail (FR) S.A. (France)
AMEC SPIE Rail Systems Limited (note 5)
AMEC SPIE Rail (UK) Limited
AMEC SPIE Sud-Est SAS (France)
AMEC SPIE Sud-Ouest SAS (France)
AMEC SPIE Thermatome SAS (France)
AMEC Utilities Limited
Atlantic Services Limited (Bermuda)
CV Buchan Limited (name changed to Buchan Concrete Solutions Limited on 15 February 2005)
IMISA S.A. (Spain)
Ipedex SAS (France)
Laurent SAS (France)
Midwest Management (1987) Ltd (Canada)
National Ventures Inc. (USA)
Primat Recruitment Limited
SPIE S.A. (France)
Spie Enertrans S.A. (France)
US Pipeline Inc. (USA)

City Airport Rail Enterprises (Holdings) Limited (50%) (note 6)
Européenne de Travaux Ferroviaires S.A. (France) (50%) (note 7)
Fluor AMEC Enterprises LLC (49%) (note 8)
Health Management (Carlisle) Holdings Limited (50%) (note 9)
Health Management (UCLH) Holdings Limited (33.3%) (note 10)
Ician Developments Limited (50%) (note 11)
KIG Immobilien Beteiligungsgesellschaft mbH (Germany) (50%) (note 12)
Newcastle Estate Partnership Holdings Limited (50% – 'A' shares) (note 13)
*Northern Integrated Services Limited (50% – 'B' shares) (note 14)
*Road Management Group Limited (25%) (note 15)
Road Management Services (A13) Holdings Limited (25%) (note 16)
Road Management Services (Darrington) Holdings Limited (25%) (note 17)
Wastewater Management Holdings Limited (25% – 'B' shares) (note 18)

1 In January 2004, the operations of AMEC Earth & Environmental Limited and AMEC E&C Services Limited merged to form AMEC Americas Limited.
2 The issued share capital of AMEC Australia Pty Limited is 62,930,001 ordinary shares of A$1 each, 12,500,000 class 'A' redeemable preference shares of A$1 each and 2,500 non-cumulative redeemable preference shares of A$1 each.
3 The issued share capital of AMEC Civil LLC is 1,000 common shares of US$1 each.
4 The issued share capital of AMEC Services Limited is 50 million ordinary shares of 99 pence each and 50 million preference shares of 1 pence each.
5 The issued share capital of AMEC SPIE Rail Systems Limited is held 50% AMEC plc and 50% SPIE Enertrans UK Limited.
6 The issued share capital of City Airport Rail Enterprises (Holdings) Limited is 50,000 ordinary shares of £1 each.
7 The issued share capital of Européenne de Travaux Ferroviaires S.A. is 990,000 ordinary shares of €16 each.
8 The share capital of Fluor AMEC Enterprises LLC is as yet unissued but is expected to be initially US$4,000,000.
9 The issued share capital of Health Management (Carlisle) Holdings Limited is 841,002 ordinary shares of £1 each.
10 The issued share capital of Health Management (UCLH) Holdings Limited is 2,521,149 ordinary shares of £1 each.
11 The issued share capital of Ician Developments Limited is 10,000 ordinary 'A' shares of £1 each and 10,000 ordinary 'B' shares of £1 each.
12 KIG Immobilien Beteiligungsgesellschaft mbH is a limited liability partnership.
13 The issued share capital of Newcastle Estate Partnership Holdings Limited is 500,000 'A' ordinary shares of £1 each, 200,000 'B' ordinary shares of £1 each, 250,000 'C' ordinary shares of £1 each and 50,000 'D' ordinary shares of £1 each.
14 The issued share capital of Northern Integrated Services Limited is 12,500 'A' ordinary shares of £1 each and 12,500 'B' ordinary shares of £1 each.
15 The issued share capital of Road Management Group Limited is 25,335,004 ordinary shares of £1 each.
16 The issued share capital of Road Management Services (A13) Holdings Limited is 1,233,754 ordinary shares of £1 each.
17 The issued share capital of Road Management Services (Darrington) Holdings Limited is 50,000 ordinary shares of £1 each.
18 The issued share capital of Wastewater Management Holdings Limited is 150,000 'A' ordinary shares of £1 each, 75,000 'B' ordinary shares of £1 each and 75,000 'C' ordinary shares of £1 each.

Shareholder information

March Preliminary announcement for the year ended 31 December.
April Annual report and accounts for the year ended 31 December.
May Annual general meeting.
September Interim report for the half year ended 30 June.

Interim and preliminary announcements notified to the London Stock Exchange are available on the internet at www.amec.com. Copies of annual reports and accounts are also available upon written request from:

WILink
Hook Rise South, Surbiton, Surrey KT6 7LD
United Kingdom

Interim ordinary dividend announced in September and paid in January.

Final ordinary dividend announced in March and paid in July.

Shareholders who do not have dividend payments made directly into their bank or building society accounts through the Bankers Automated Clearing System (BACS) may do so by contacting the company's registrar, Capita Registrars.

A dividend reinvestment plan (DRIP) is available for the convenience of shareholders who would prefer the company to utilise their dividends for the purchase, on their behalf, of additional shares of the company instead of receiving cash dividends.

The DRIP provides for shares to be purchased in the market on, or as soon as reasonably practicable thereafter, any dividend payment date at the price then prevailing in the market. Further details of the DRIP may be obtained from:

Capita Registrars
The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
United Kingdom
Tel: +44 (0)870 162 3100
E-mail: ssd@capitaregistrars.com or visit the web site at www.capitaregistrars.com

Electronic shareholder communication
AMEC is working with Future Forests to reduce the impact of shareholder communications on the environment – as well as cutting the cost of printing and distribution. For every shareholder that elects to receive communications electronically, AMEC will plant a tree on their behalf at the Donkleywood Forest project in Northumberland. Further information on Future Forests and the Donkleywood project is available at www.futureforests.com/forestsandprojects/forests.asp

Choosing electronic shareholder information means you will receive an e-mail every time any new shareholder information is published – instead of paper documents in the post. E-mails will refer to AMEC annual and interim reports, documents relating to our annual general meeting and any other shareholder communications – and will normally be from our registrar, Capita Registrars. E-mails will contain links to the appropriate website where the documents can be viewed.

Shareholders – how to register
If you are an AMEC shareholder and wish to receive electronic communications, you will need your investor code, which is printed in the bottom right-hand corner of your AMEC share certificates and dividend tax vouchers.

You must register with Capita Registrars to receive electronic shareholder communications as follows:

1 Go to www.amec.com/plantatree
2 Follow the "Shareholders – how to register" instructions

Once you confirm your details, Capita Registrars will e-mail you to verify the change. Every time Capita Registrars receives a shareholder request to switch from paper to e-communications, we will ask Future Forests to plant a tree.

You can opt to return to paper communications at any time by amending your details with Capita Registrars. Shareholders who decline to register for e-communications will continue to receive paper documents.

If you have any questions about electronic shareholder communications, contact Capita Registrars on +44 (0)870 162 3100, visit their website at www.capitaregistrars.com or e-mail at ssd@capitaregistrars.com

Electronic shareholder information
AMEC's web site has a facility whereby shareholders can link to the company's registrar, Capita Registrars, via its web site in order to gain access to general shareholder information as well as personal shareholding details. If you wish to access details of your personal shareholding you will need your investor code, which is printed in the bottom right-hand corner of your AMEC share certificates and dividend tax vouchers.

To access these services:

1 Select the "Investors" home page at www.amec.com
2 Select "Electronic communications" from the main menu.
3 Select the "Electronic shareholder services" link.
4 Follow the instructions at the Capita Registrars website.

If you have any questions about electronic shareholder information, contact Capita Registrars on +44 (0)870 162 3100, visit their website at www.capitaregistrars.com or e-mail at ssd@capitaregistrars.com

AMEC plc
Sandiway House, Hartford, Northwich, Cheshire CW8 2YA
United Kingdom
Registered in England No 1675285

Investor relations report

AMEC investor relations is committed to improving the understanding of AMEC and its business activities in the financial community, enabling financial markets to place an appropriate valuation on the company.

This report provides an overview of AMEC's investor relations strategy, the investor relations programme in 2004 and other information of interest to shareholders.

AMEC's investor relations strategy reflects the company's guiding principles (available at www.amec.com) and its responsibilities to shareholders, which are:

- to seek to achieve the best returns on investment that markets will allow and provide accurate and timely information on the company's performance; and
- to manage the affairs of the company through responsible and effective corporate governance, identifying and managing the risks inherent in our activities on an ongoing basis.

The strategy is focused on three key areas which are:

- Compliance with all regulations relating to the conduct of companies listed on the London Stock Exchange. This includes ensuring that all market sensitive information is issued firstly through the London Stock Exchange and as soon as possible thereafter is made available to the financial community through various channels including AMEC's corporate website at www.amec.com;
- Understanding the shareholder base and market sentiment towards AMEC. This is achieved through close working relationships with advisers, regular share register analysis and non-attributable feedback from analysts and investors; and
- Delivery of a comprehensive programme of investor relations activity involving effective communication and consultation with current and potential investors and analysts.

AMEC investor relations controls and coordinates the company's programme of investor relations activity in line with this strategy. In support of its objectives, AMEC has put in place a management and policy framework for investor relations together with best practice notes on contact with the financial community, stock exchange announcements and published information. These documents are available to employees on the company's intranet.

Key events in AMEC's investor relations programme are the company's preliminary and interim results announcements, annual general meeting and related trading updates. In the year ended 10 March 2005, these events took place on the following dates:

Annual general meeting trading update	19 May 2004
Trading update	23 June 2004
Interim results announcement	2 September 2004
Trading update	12 January 2005
Preliminary results announcement	10 March 2005

On the days the preliminary and interim results were announced, AMEC's chairman, chief executive and finance director made presentations to analysts, institutional investors and banks in London, with their slides and speaking remarks being published at the time of delivery on AMEC's website. Interviews were also given to journalists from leading newswires and the national and regional press.

Following both the preliminary and interim results announcements, major shareholders were offered one-on-one meetings with management, with other institutional shareholders being offered the opportunity to attend group meetings hosted by the company's brokers.

During the course of 2004, AMEC met with a total of 72 (2003: 73) institutions in the UK, Europe and the US.

Following two major site visits in 2003 at which AMEC's oil and gas and railway businesses were presented by senior operational management, the main event in 2004 was the sector change presentation on 8 December, which introduced AMEC to new analysts and investors in the Support Services sector, whilst at the same time introducing the company's new segmental analysis to the financial community. This event was announced in advance to the London Stock Exchange, with all slides and speaking remarks being published on www.amec.com on the day of presentation. Non-attributable feedback from this event was extremely positive.

AMEC recognises the importance of the internet in financial communications and closely follows developments in best practice in investor communications on the internet. Over the last 12 months a new charting facility which maps key events against the company's share price was introduced, together with the first "on-line" version of AMEC's annual report. The site's best practice e-mail alerting service remains a quick and efficient way to be kept appraised of company announcements. During 2004 the number of visits made to the investors pages of www.amec.com doubled to some 204,000. The site was runner up in the IR Magazine 2004 Awards in the "Best use of the internet for investor relations" category for a non-FTSE 100 company.

AMEC in 2004

Engineering and Technical Services

- We continued to grow our European Multitechnical Services business with a series of eight acquisitions
- We teamed up with Thales to design and upgrade the entire infrastructure security system for the French Ministry of Economy, Finance and Industry
- We headed a consortium of companies to provide full site support services to EDF's Fessenheim nuclear power station in France
- We helped the French government improve its road safety by implementing a system of speed cameras across mainland France which automatically detects and fines traffic offenders
- We tested our innovative GeoMelt technology for use at the world's largest environmental clean-up project at the United States nuclear weapons site in Hanford, Washington
- We were chosen to prepare the environmental impact assessment for the Sydney Tar Ponds in Nova Scotia – one of Canada's largest remediation projects
- Our joint venture with Fluor worked on three major reconstruction contracts in Iraq, covering power generation facilities and water infrastructure
- We were awarded a long-term framework contract by Thames Water to install water meters in London and the Thames Valley – which will run for up to ten years and involve installations at over 200,000 properties in its first five year period

Oil and Gas

- We strengthened our international oil and gas presence with a series of important contract wins in the Caspian, Kuwait, Western Australia, South East Asia, Nigeria, Canada and the UK
- We delivered the Cheyenne Plains pipeline project – over 250 miles of natural gas pipeline – the largest US cross-country pipeline project in 2004
- Over the last 15 months our business in the large and growing Canadian oil sands secured a series of important contracts with clients including Deer Creek, Shell Canada and Imperial Oil Canada
- In January 2005 we acquired oil and gas engineering services company Paragon, which strengthens our portfolio of services and client relationships in Houston – establishing us as a Tier One contractor in the region
- In February 2005 we were awarded an eight year alliance contract worth £280 million by National Grid Transco – to replace gas mains along the M1 corridor between Sheffield and Leicester, UK

Project Solutions

- We worked with the UK Highways Agency to deliver the Bingley Relief Road three months ahead of schedule – and were awarded the Prime Minister's Better Public Building Award, the UK's leading accolade for infrastructure projects
- We were selected by two leading healthcare facility and service providers to deliver £33 million worth of new patient facilities for the NHS in the north and south east of England
- An AMEC joint venture was awarded the contract to partner with Northern Ireland Railways on a major renewal and upgrade of its coast line between Belfast and Larne
- We were selected in joint venture as preferred bidder for a landmark urban regeneration project in London which will transform Lewisham town centre into a thriving residential, commercial and recreation area – and have started on-site at similar schemes in Reading and Durham
- In recent months we have been chosen as preferred bidder for three major UK PPP projects: Colchester Hospital, the Docklands Light Railway extension to Woolwich Arsenal and South Lanarkshire schools, the largest single schools PPP project to date – and are also preferred bidder on the Incheon Bridge PPP project in South Korea

This report is printed on paper made from 55 per cent recycled fibre and 45 per cent virgin elemental chlorine free fibre from certified sustainable resources. Any wastage in the finishing process has been addressed and minimised. The printers of the report are also ISO 14001 accredited and actively work to minimise the effects of the business on the environment.

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