



Companies House

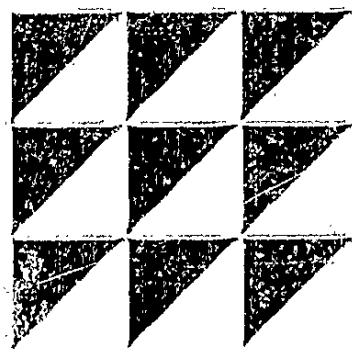
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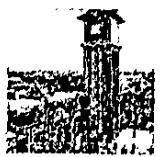
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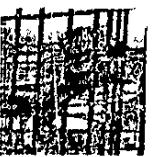
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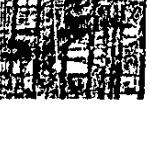
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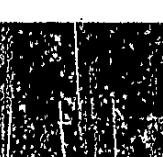
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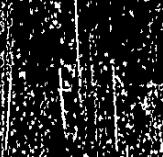
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AMEC

Results At A Glance And Financial Calendar

Results At A Glance

	1988 £ million	1987 £ million
Turnover	1309.9	793.6
Profit on ordinary activities before taxation	61.6	34.5
Profit on ordinary activities after taxation	40.1	22.2
Shareholders' funds	238.0	107.9
<i>Earnings per ordinary share – undiluted</i>	<i>54.2p</i>	<i>34.5p</i>
<i>Earnings per ordinary share – diluted</i>	<i>47.8p</i>	<i>34.0p</i>
<i>Dividends per ordinary share</i>	<i>17.0p</i>	<i>13.0p</i>

Financial Calendar

Publication of Results and Annual General Meeting

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

Interim report for half year to 30 June	late August
Preliminary profit announcement for year to 31 December	early April
Report and accounts for year to 31 December	late April
Annual general meeting	held mid May

Dividends and Interest Payable

Interim ordinary dividend	late December
Final ordinary dividend	early July
Convertible preference dividends	1 May and 1 November
Loan stock interest	30 June and 31 December
Loan note interest	31 May and 30 November



AMEC offers one of the most comprehensive construction and engineering services in Europe. The strength of the group's core businesses is the foundation of that service.

In order to meet the increasing demands of our markets the group's capability will be enhanced both by internal growth and by acquisitions. AMEC's proven management team, financial strength and stringent controls give a sound base for successful evolution.

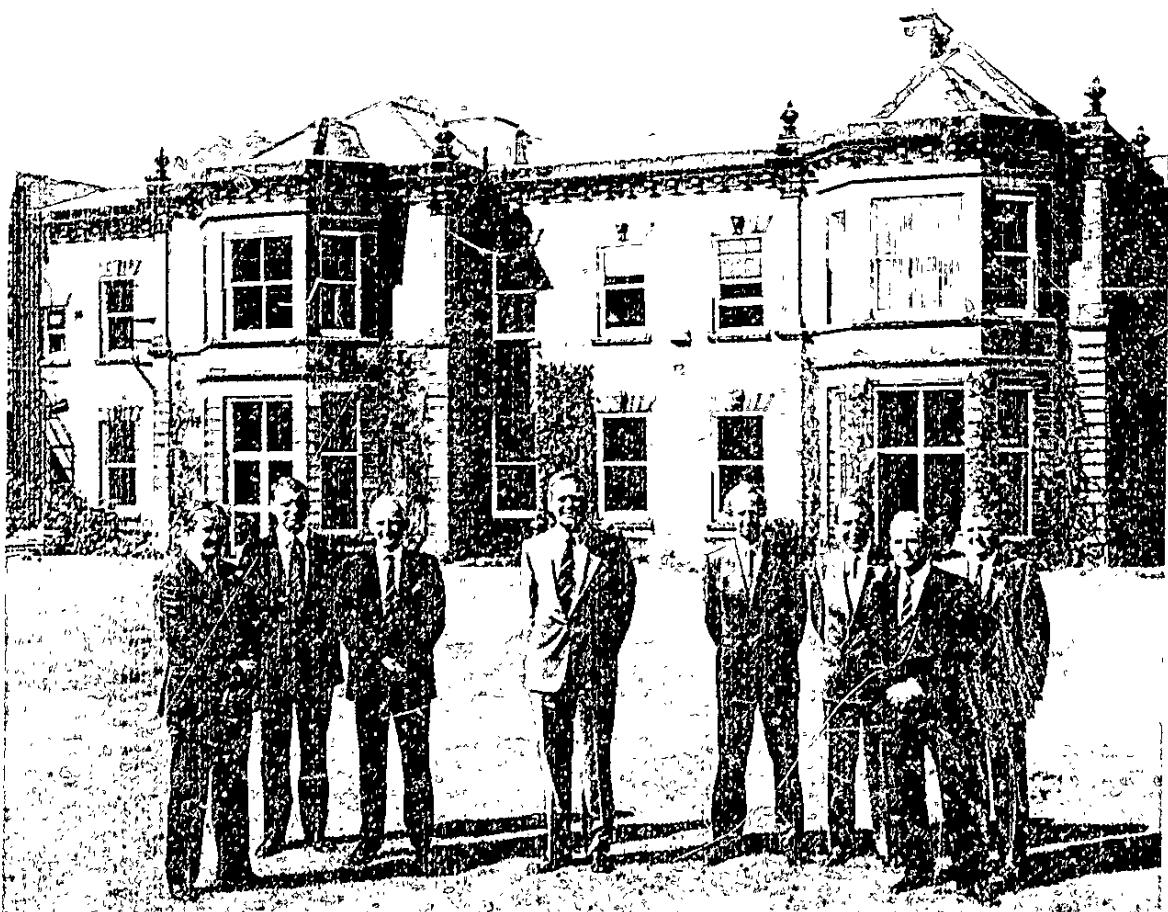
The group will continue to develop its housing and property activities together with the special opportunities available in industrial and urban renewal. Further growth will be achieved in building services and AMEC's involvement will be increased in building products, materials and other sectors where there is growth and profit potential. This policy applies both at home and overseas. All new initiatives will be based on AMEC's existing management knowledge and experience.

AMEC is achieving a significantly higher international profile and this progress will continue. As before, expansion will be primarily through indigenous businesses.

AMEC's overall aims are to ensure that the group can offer any construction and engineering service the customer needs and that every service offered will be the best in its market.

The integration of this range of resources within the group adds an extra dimension of comprehensive and united strength which makes the AMEC service unique.





Deelnemende leden van de Werkgroep voor het behoud van historische gebouwen.





Alan Cockshaw FEng, the chairman of AMEC

Engineering is a discipline that is at the heart of our society. AMEC's work is concerned with the design, construction and operation of major engineering projects. These range from power stations and oil refineries to ports and airports, and from industrial plants to urban regeneration schemes.

Engineering is also concerned with the development of new technologies and the application of existing ones to solve problems. This involves research and development, as well as the design and manufacture of new products and processes.

The role of the engineer is to apply scientific knowledge and practical skills to solve problems. They must be able to think logically and creatively, and to work effectively with others. They must also be able to communicate their ideas clearly and effectively.

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Chairman's Statement

Holland and France and are developing a presence in Portugal.

The construction industry is becoming progressively more globalised and the free European market is only a step along that road. Our strategy has been defined to see us through 1992 into the larger market of the future and a strong presence in mainland Europe, the USA and Australia will be key platforms in the long term AMEC plan.

Equally, our clients are requiring ever greater standards of quality and service and, as we made quite clear in our Strategy statement last year, in AMEC we are committed to the highest standards in every aspect of our activities. Our aim is to make every subsidiary company the best in their markets and with their combined capabilities, to offer an overall service unique in depth, flexibility and scope.

In 1989, we will enjoy a full year's contribution from the Matthew Hall companies and Fairclough Homes which, together with the strong growth potential of our engineering and construction activities, give us a very sound base for our future development. The group is, of course, very well placed to respond positively to the expected growth in infrastructure development projects, whether these be publicly or privately funded.

A proper balance of profit between construction, housing, property and manufacturing and between the United Kingdom and overseas is very important to the overall long term profitable development of the group and we have no wish to become too dependent on any one sector.

It is a particular pleasure to welcome Sir George Jefferson and Malcolm Hawe to our board. Sir George shared our vision for the enlarged AMEC from our first

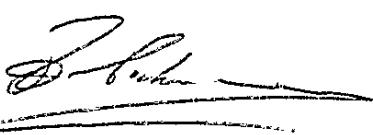
meeting and he remains strongly committed to our progress. Malcolm Hawe has been associated with us now for seven years and has led the remarkably successful development of Fairclough Homes. We look forward to his contribution in the wider field of the AMEC group.

My personal thanks are due to my predecessor, Bill Morgan, who served as chairman during my period as chief executive. We worked very hard together during that period and I am, therefore, particularly pleased to have his continued and valued guidance as a non-executive director.

The 1988 performance has produced a 57% increase in undiluted earnings per ordinary share and even on a diluted basis an increase of 41% has been achieved. Accordingly, the board is recommending an increased final dividend of 10.75p, giving a total of 17.0p per ordinary share, compared with 16.0p last year.

In AMEC we take a long term approach to profit planning. We have said for the last few years that the benefits from the development of our overall strategy would only begin to emerge in 1989. We are, therefore, very confident of our ability to continue to push forward, strongly, in the future.

These results, of course, have not been achieved without the particularly hard work, loyalty and commitment of all our people. My sincere personal thanks to all of them. They are the foundation of our strength.


A Cockshaw F Eng
Chairman





AMEC 1983 - A year of significant milestones

Local and international developments in power and energy, engineering, the oil and gas fields and technology have all affected and will affect the AMEC group.

The progress of the group reflects the wisdom of its strategy and the group's strong sense of purpose and direction.



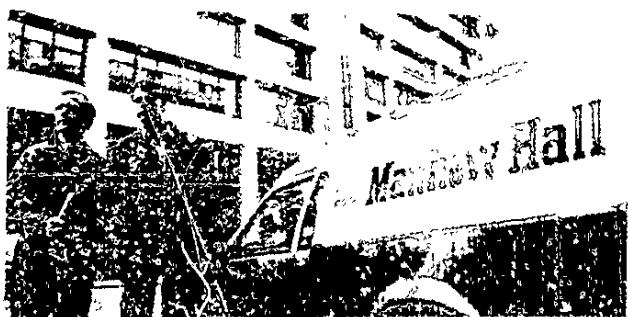
Heysham two power station

The major events of the year were the acquisition of the outstanding 50 per cent of Farelough Homes and the merger with Matthew Hall. Both have contributed significantly to the group's development and to the breadth and quality of service which are its fundamental aims.

The AMEC group now employs over 32,000 people and, with overall annual turnover approaching £2 billion, already offers one of the most comprehensive construction and engineering capabilities in the UK. Its strength worldwide continues to grow through the carefully planned acquisition and development of indigenous companies.

The achievements of 1983 reflect both the strength of individual companies and the increasing value placed by clients on the ability to access a flexible and integrated service, which has been enhanced by the restructuring of the group and the creation of management sectors of companies with related or complementary businesses.

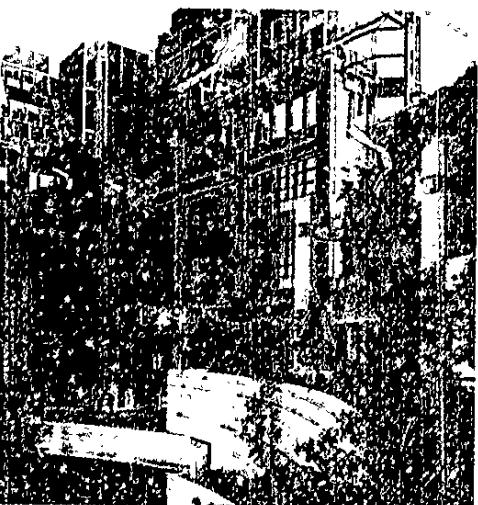
In the mechanical and electrical sector the merger with Matthew Hall has given AMEC a vital new capability in advanced front-end design. At the same time the group's installation and maintenance services have been raised to a new level of sophistication, equipped to meet the most demanding commercial standards.



Matthew Hall - now members of the AMEC group

Through the companies in this sector, Jane Scott, Matthew Hall Mechanical & Electrical Engineers and Press Contractors AMEC have offered complete services from design to manufacture, engineering, assembly, inspection, testing and reduction of on-site services from air conditioning, heating, plumbing and specialist fire protection to the complex electrical and instrumentation needs of power stations and offshore platforms.

The leading edge of demand for sophisticated building services in the City of London where Matthew Hall Mechanical & Electrical Engineers have established a commanding presence. This company has played a significant role in London's major Building development, fitting out phases three of the project for Union Bank of Switzerland and, on another important contract, providing mechanical, electrical and fire engineering services for Lee House at London Wall.

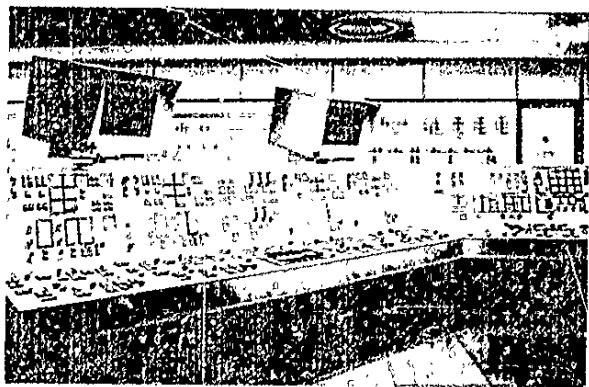


The Union Bank of Switzerland



The Mastercare division of James Scott Miller will be making its mark in the engineering and project market as well as total facilities management. Mastercare has already built upon its reserve client list, including Sun Alliance, the Prudential and Reed Publishing, and has clear potential for development in conjunction with the existing maintenance capabilities of James Scott. Maintenance continues to be an area of growing opportunity and further expansion for Mastercare is anticipated.

In the industrial field, James Scott continued to build on its leading position in the field of offshore electrical and instrumentation installation and commissioning. Major contracts include the offshore hook-up of Shell's Eider and Tern platforms, Conoco's Valiant, Vanguard and Vulcan platforms and Marathon's Brae B platform.



Torness power station

Onshore, BP's new Dimlington gas terminal was completed and work started on site at New Caledonian Paper's mill at Irvine in Ayrshire.

Press Construction has maintained its strong market position during the year in both utilities and industrial engineering. The utilities division continued to work successfully for both water and gas industries on traditional contracts, at the same time further developing its specialist facilities management service. This service is increasingly in demand, particularly in the water industry, and Press has broadened its portfolio of clients, with teams now working for six of the 10 water authorities.



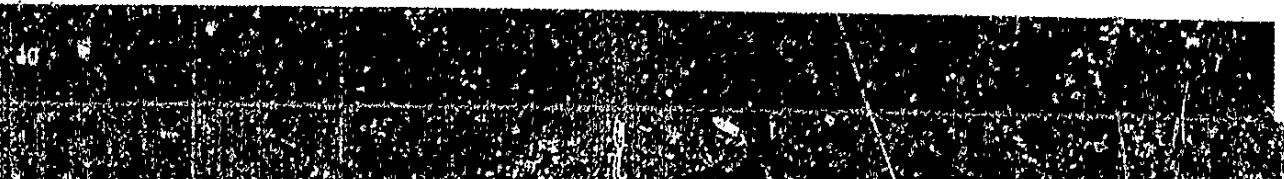
Welding on the Wytch Farm pipeline

The industrial engineering division also expanded its client base in 1988, enjoying repeat orders from existing clients such as BP, BNFL, at Sellafield, CEGB, PSA and British Steel and winning several major new contracts which have demonstrated the company's ability to provide a complete service from design to fabrication and installation.

One project of special interest, for BP Petroleum Development, involved the laying of export pipelines to carry oil and gas from Wytch Farm, on the Dorset coast, to the Southampton area. This is the biggest pipeline contract to be placed in the UK for many years and has demanded stringent monitoring of construction work in an area of particular environmental sensitivity.

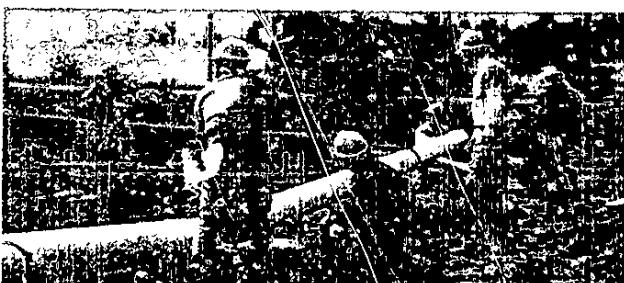


The Wytch Farm project



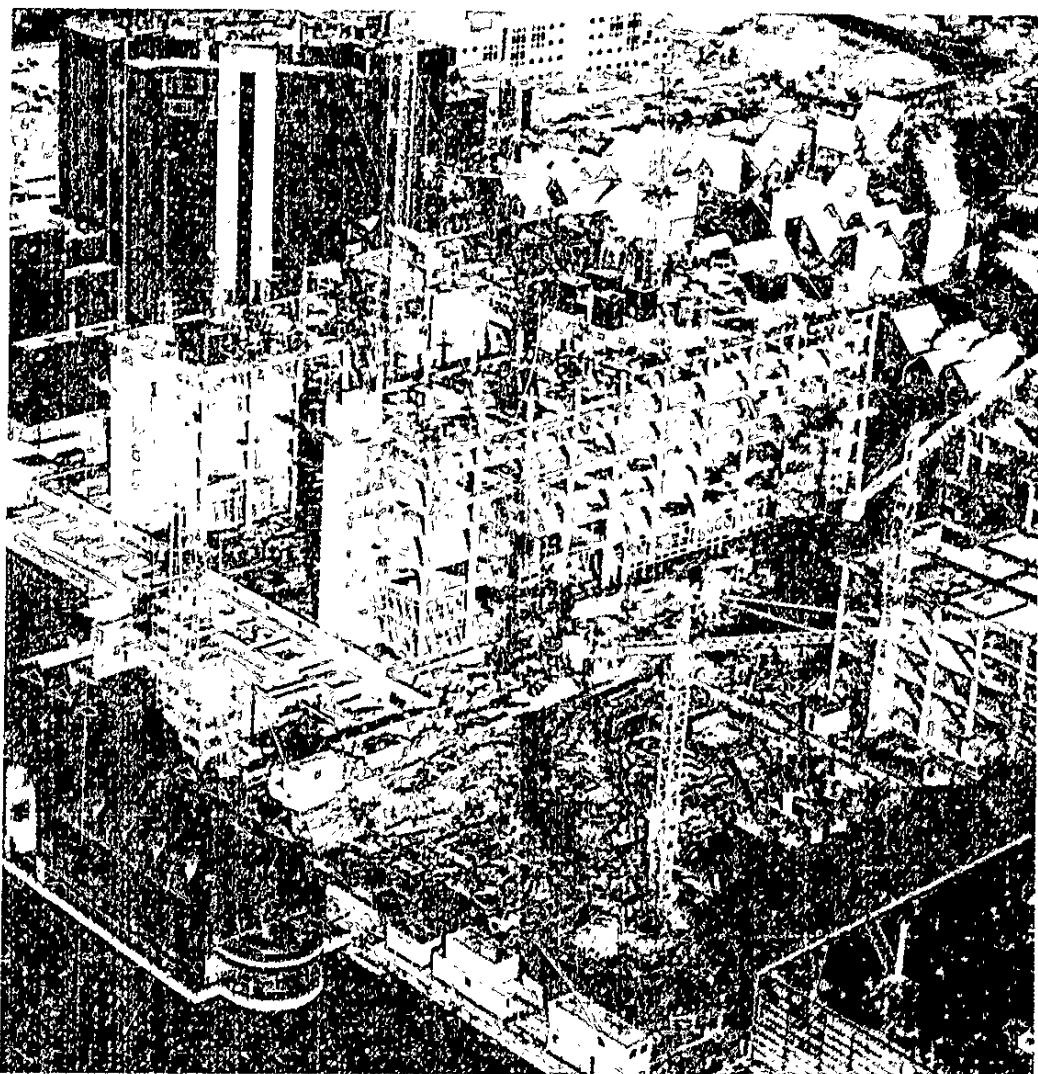
During the year, Press Control Systems received a large order from the Ministry of Defence for a £14 million pound award for pipework and equipment installation in the new thorium oxide reprocessing plant (THORP) at BNFL's Sellafield complex. The contract involves the fabrication, installation and testing of some 100,000 metres of pipework for which the division's fabrication facility in Cumbria has been specially extended.

The MAPEL and Press Leakage Control Services businesses, which specialise in inspection, non-destructive testing and ancillary services, have strengthened their position during the year both at



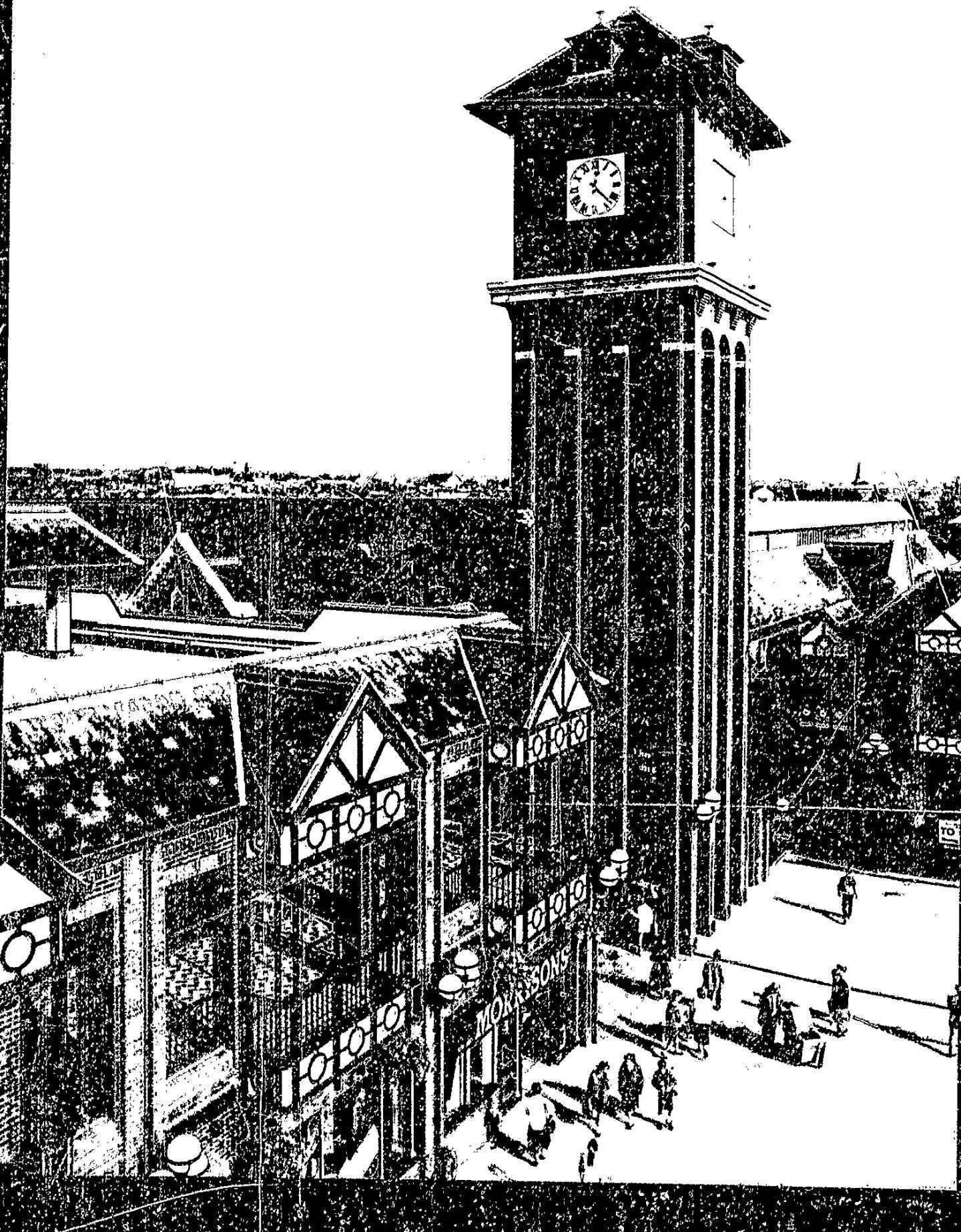
Pipeline laying

home and overseas. New and complementary areas of business are also being developed, such as computer-based inspection and quality assurance services.



Harbour Exchange in London's Docklands





£1.2 billion of new developments
in the pipeline, including:
• £100 million for the
development of the new
Retail Park at Blackpool.
• £100 million for the
development of the new
Retail Park at Clacton-on-Sea.

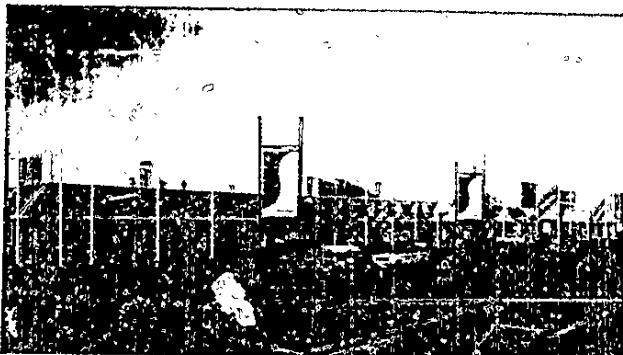


Ladbroke retail development, Blackpool

Fairclough Building's flexible and responsive approach to client needs, allied to the high standard of quality, is increasingly recognised in the chairman and managing director of all six of its divisions:

In the south, his lengthy demonstration of the range of work undertaken included completion of the Hyatt Carlton hotel in London, the Government Chemist's Laboratory at Teddington for the PSSA and the continuing construction of the 625,000 square foot Harbour Exchange project in London's Docklands. Volume of work in this region continued at a high level and Fairclough Building has expanded capacity to meet the need, opening a new Mandelone regional office to capitalise on the potential of the Channel Tunnel.

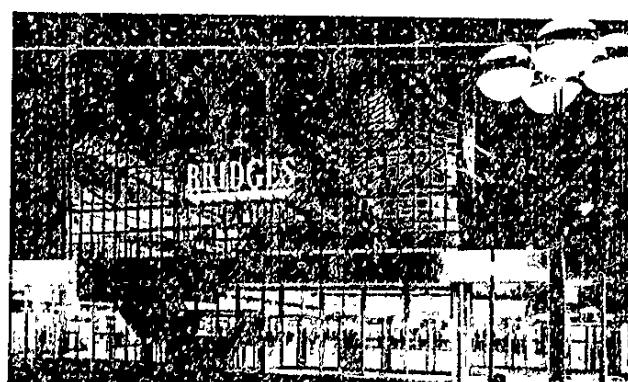
Western division achieved record turnover during 1989, with a particularly high proportion of leisure and build projects. Significant examples include the final phases of two of Europe's largest food manufacturing plants at Wrexham and Manchester, while in the retail sector the strikingly developed Galt's supermarket in Wigan (part of the Galt's chain) was completed on time.



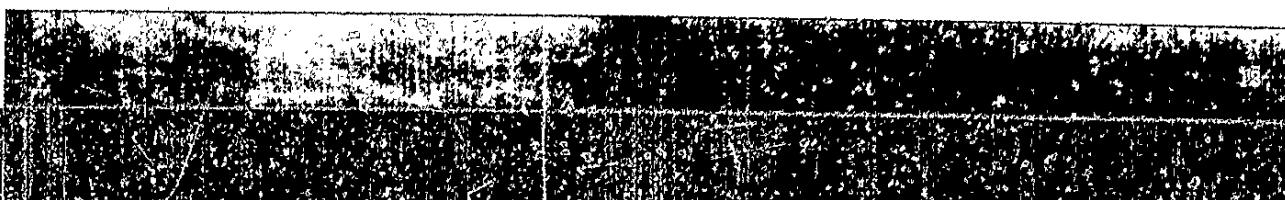
Waterglade retail park, Clacton-on-Sea

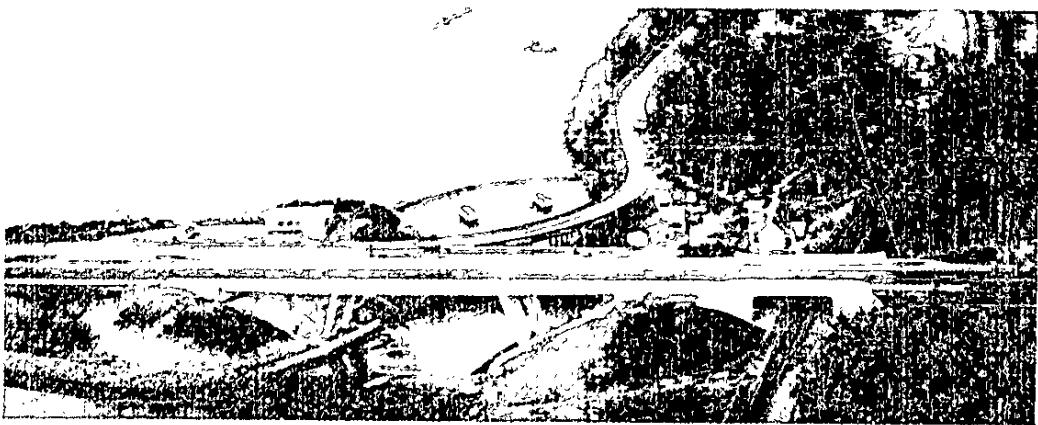
Fairclough Building's other six divisions also reported strong growth in 1989, with significant contributions from the retail park sector. Building of the new Waterglade retail park in Clacton-on-Sea was completed in time, which was the result of the joint management of the project by Fairclough Metallurgy, Fairclough Building Services, Fairclough Construction and the York-based developer, Yorkgate Ltd. The scheme, located on the site of the former Clacton Market Hall, involved the demolition of the Market Hall, the reconstruction of the site and the provision of 100,000 square feet of retail space for the Waterglade Centre, a new Metropole cinema and a new Waitrose supermarket.

Fairclough Building's northern division, based in Newcastle upon Tyne, also demonstrated its ability to handle a variety of clients and the project portfolio has been impressive, particularly the £100 million Metrocentre.

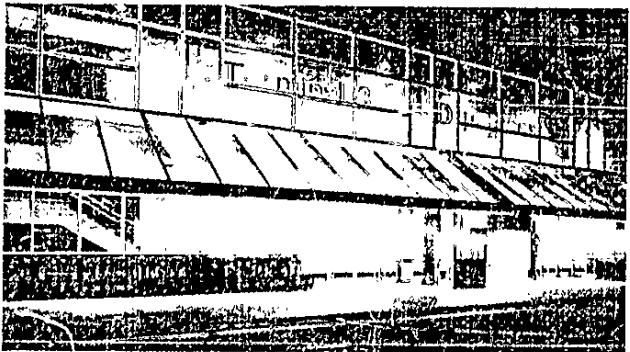


The Bridges shopping centre, Sunderland

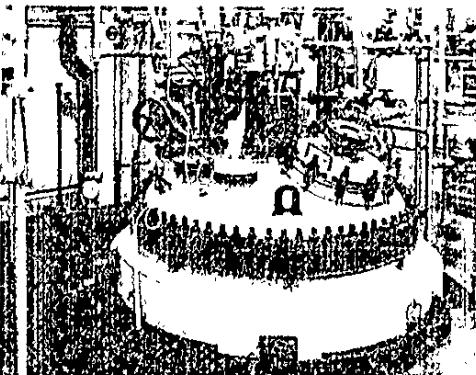




Mound Bridge near Golspie



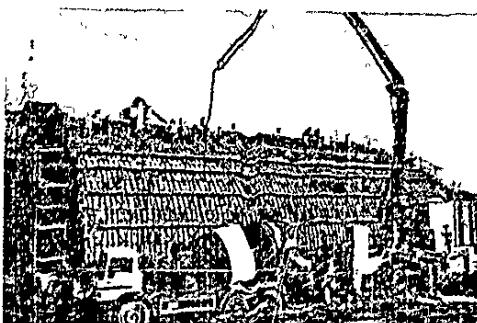
Heathrow terminal three



*Interior of a chemical engineer's building
for Smith Kline and French*

2020
2021
2022

and the first project to be completed after amalgamation was the M66 bridge slide. Demand from client and government for major infrastructure projects has been a long-term development. Increasing signs of change are however evident, particularly in the provision of transport infrastructure and Fairclough Civil Engineering is already involved in a number of projects with a transport element, facilitated and partly financed by the private sector.

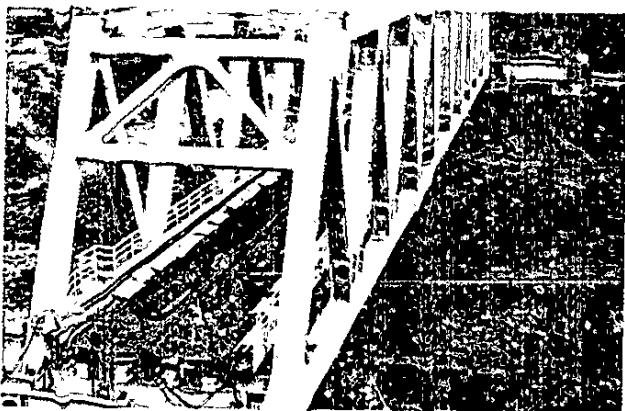


RAF Alconbury

The debate on increased private sector involvement is an active one and AMEC is taking a leading role. Both the established reputation of Fairclough Civil Engineering in the transport sector and the financial strength of the group as a whole offer a firm foundation for future developments.

In the meantime, Fairclough Civil Engineering's traditional transport related business has maintained its momentum with several major motorway and trunk road schemes. Most notably, the company completed its work on Manchester's motorway network, finishing the complex and demanding Barton Bridge contract three months ahead of schedule.

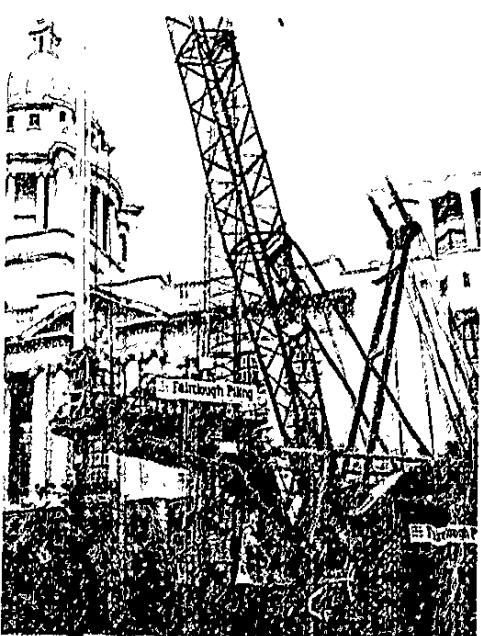
The regional offices all experienced a growing volume of work during the year. In the north, the BNFL THORP contract at Sellafield continued to dominate the workload, demanding standards of quality and performance which set new benchmarks for the industry. In the eastern region highlights included an appointment by the FSA to carry out a major project at Alconbury for the US Air Force. The theme of high quality and technical skill was equally represented in the south, where projects included a



M66 bridge slide

bridge replacement at London's Liverpool Street Station as part of the prestigious Broadgate development.

Increased opportunities are also emerging up for Fairclough's specialist skills in the fields of tunnelling, piling and marine engineering. The company offers a total coordinated ground engineering service which includes both piling and other foundations and the marine engineering operations of Fairclough Howard Marine. Significant potential is seen for expanding this service, both as an individual capability and as part of a service package on projects where other group companies are involved.



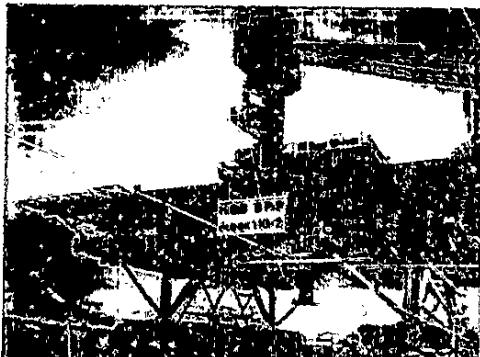
Piling at the Old Bailey



Operational Review

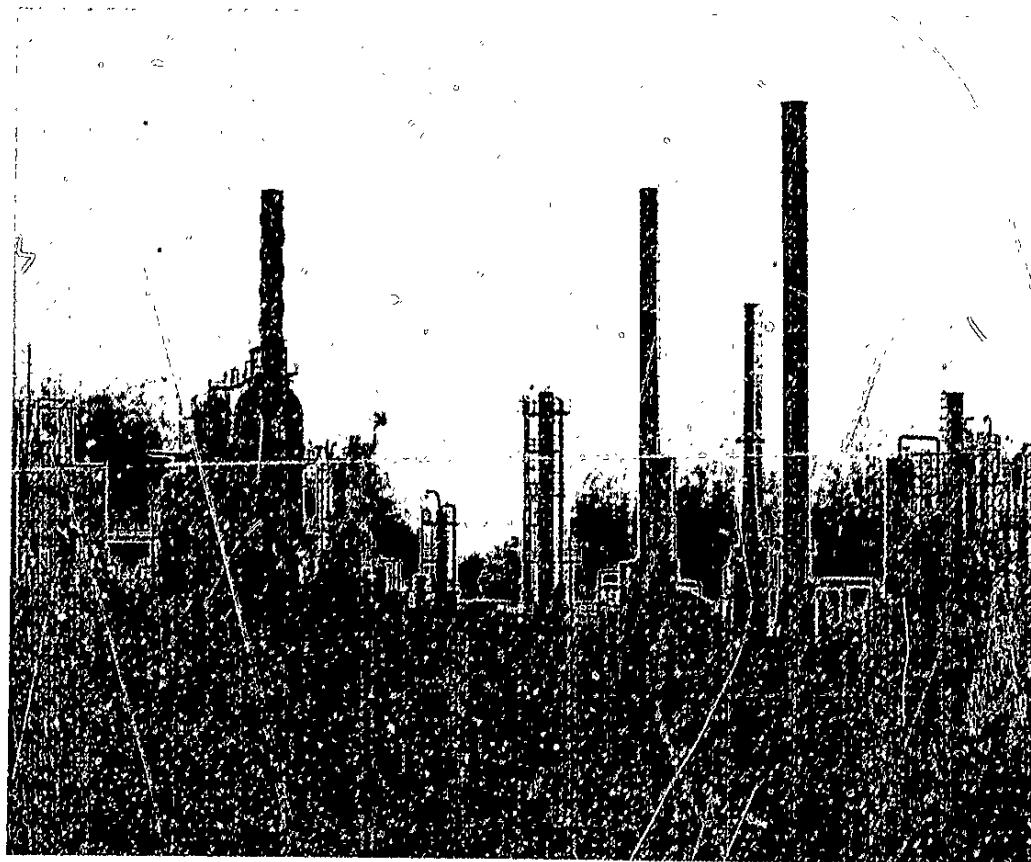
In the progress and delivery of the complementary nature of AMFC and Matthew Hall businesses was perhaps most evident. The merger has significantly enhanced the service potential of group companies, creating a force which offers market leader quality both on and offshore, at every stage from front-end design through to procurement and commissioning.

In the field of front-end design for the energy and process industries, both on and offshore, Matthew Hall Engineering has long been recognised as pre-eminent. 1988 saw a number of significant projects undertaken, including AMOCO's Indefatigable D wellhead gas platform. The Shell/Essell Eider platform also came on stream during the year, with topsides designed by Matthew Hall's sophisticated computer aided design system. This platform is the largest North Sea structure to be totally designed using CAD.



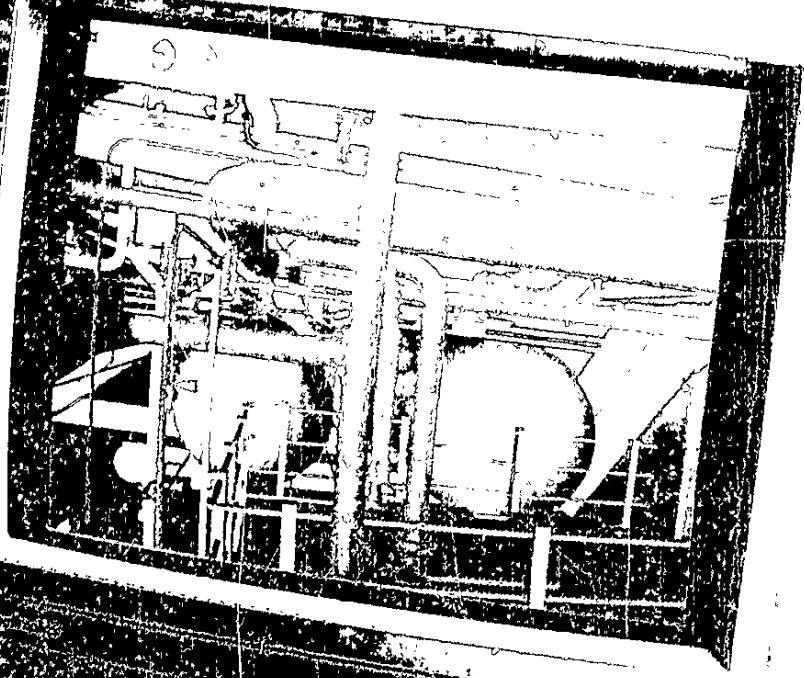
Load-out of the Morecambe Bay platforms

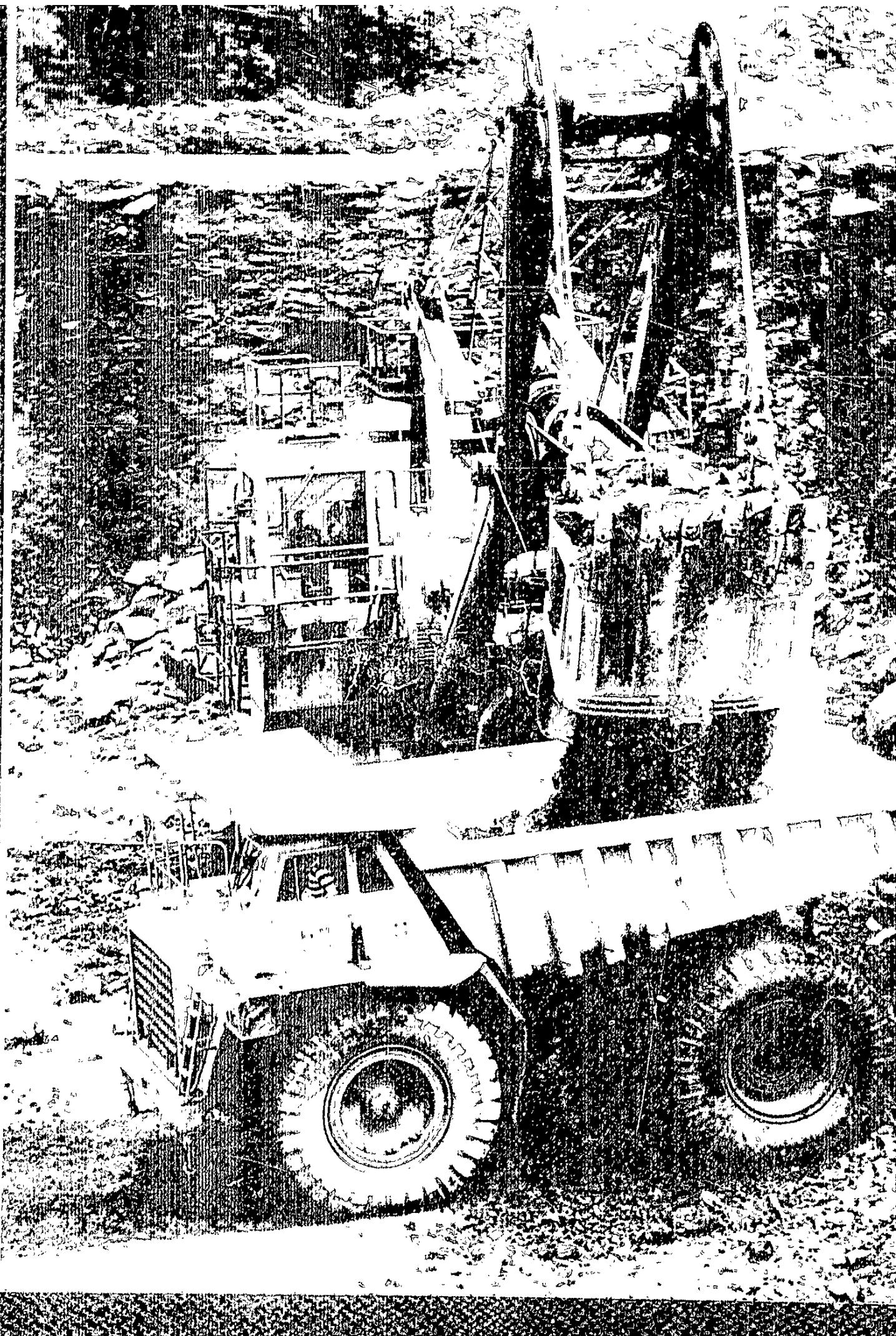
Onshore projects completed during the year included a waste decontamination plant for BNFL at Capenhurst, as well as several major contracts in the oil, gas and chemical sectors. Highlights here were work for BP Petroleum at the Kirneil liquid hydrocarbons terminal in Scotland and a major shutdown and maintenance contract at Grangemouth in Scotland for both BP Chemicals and BP Oil.



BP Grangemouth







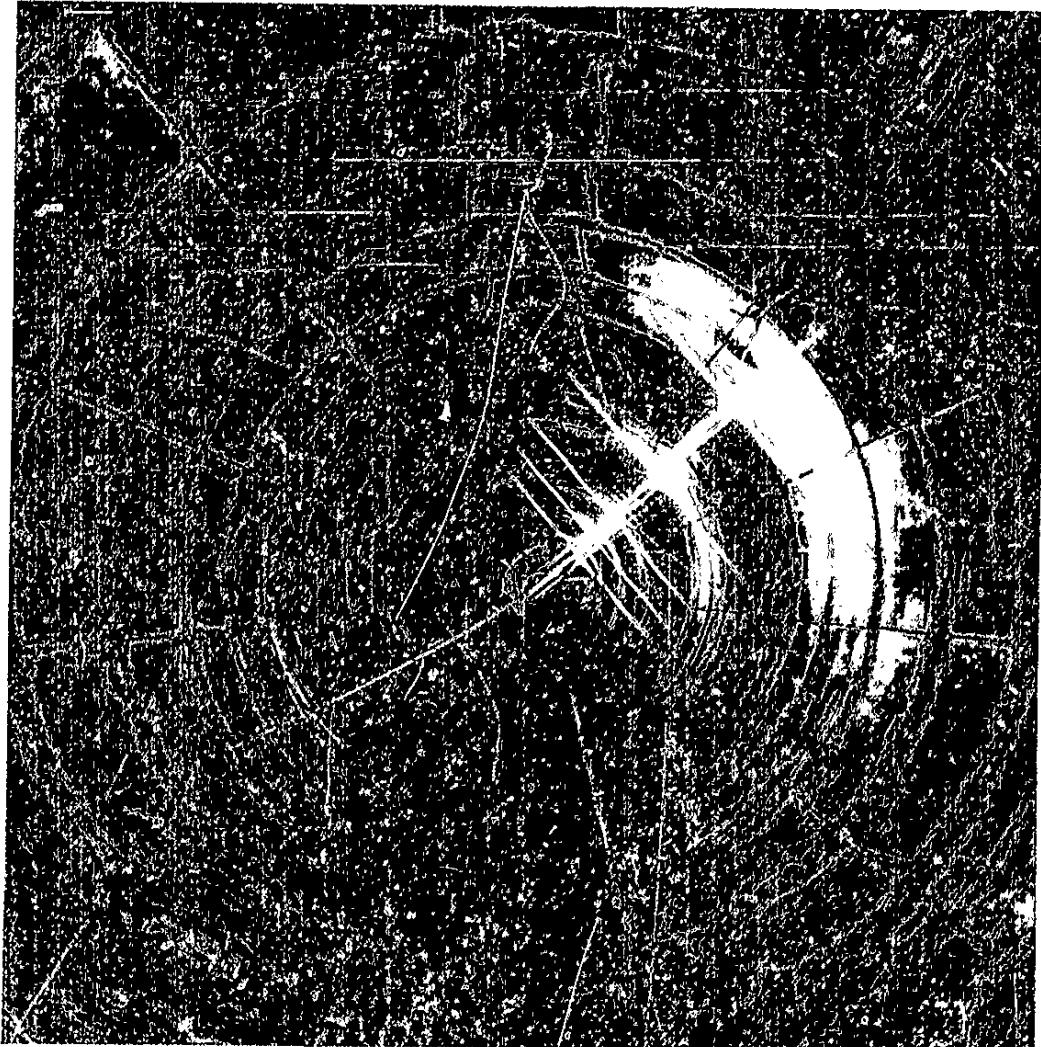
AMEC's presence in heavy construction products includes CV Buchen which makes precast, pretensioned and reinforced concrete beams as well as shaft and tunnel lining segments. The company is currently expanding its business in the fast growing area of hollow core floor and roof unit production and opportunities for exporting technology overseas are being explored.

This sector also includes AMEC's opencast mining activities, an area where the group has over 40 years' experience.

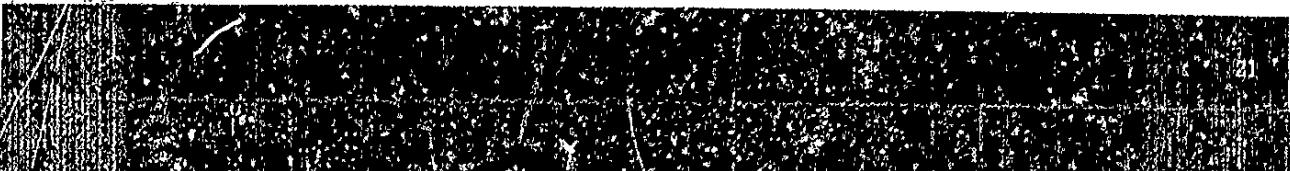
The UK's need to expand opencast coal production is influenced by a growing

desire to cut down imports. Farmland Partnership Mining works closely with local authorities and communities to minimise the impact of its operations and to restore land after mining to the highest standards often actually increasing its amenity value.

The company currently has major schemes in hand at Nant Helen in South Wales where its latest electric dragline is in operation and in Scotland. Here a £50 million extension has been negotiated with British Coal at the Blindwells opencast site, which will provide another 3.6 million tonnes of coal.



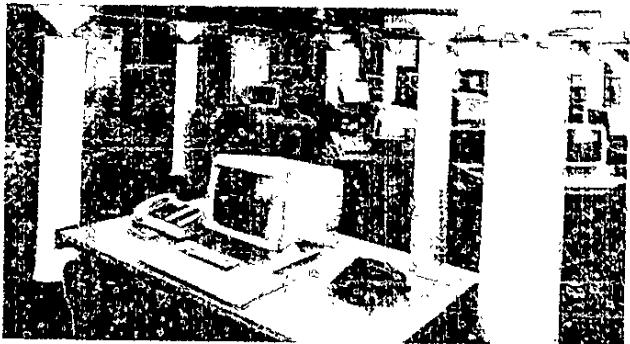
Thames Water Authority's London ring main



AMEC'S SUBSIDIARY DENOCA based in France is taking an active part in the expansion of opportunities now available throughout Europe in advance of 1992.

The trend is clearly demonstrated by Franklin Hodge Industries, a leading manufacturer of site bolted storage tanks. During 1988 this company moved successfully from a full listing under the UK's quality assurance standard to its international equivalent, providing a solid base for work in Australia, Africa, the Far East, the Middle East, North America and the Caribbean. Business in the UK has also progressed, with major contracts including tanks for a new Coca Cola bottling plant and work for the UKAEA and the PSA.

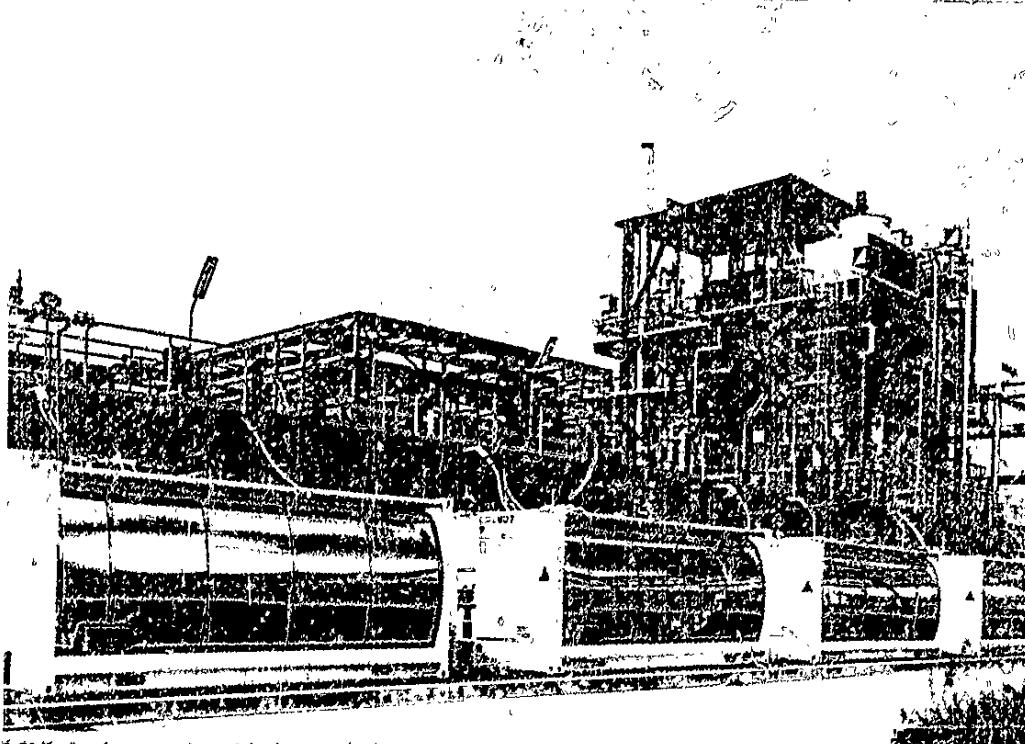
AMEC's air conditioning subsidiary, Denco, also designs, manufactures and installs other specialist air and fluid handling equipment and has a raised access flooring business Intek. Denco has manufactured modular flooring in France for many years and its factory in Sens was expanded during the year, effectively doubling capacity to meet



The Denco Airlighter

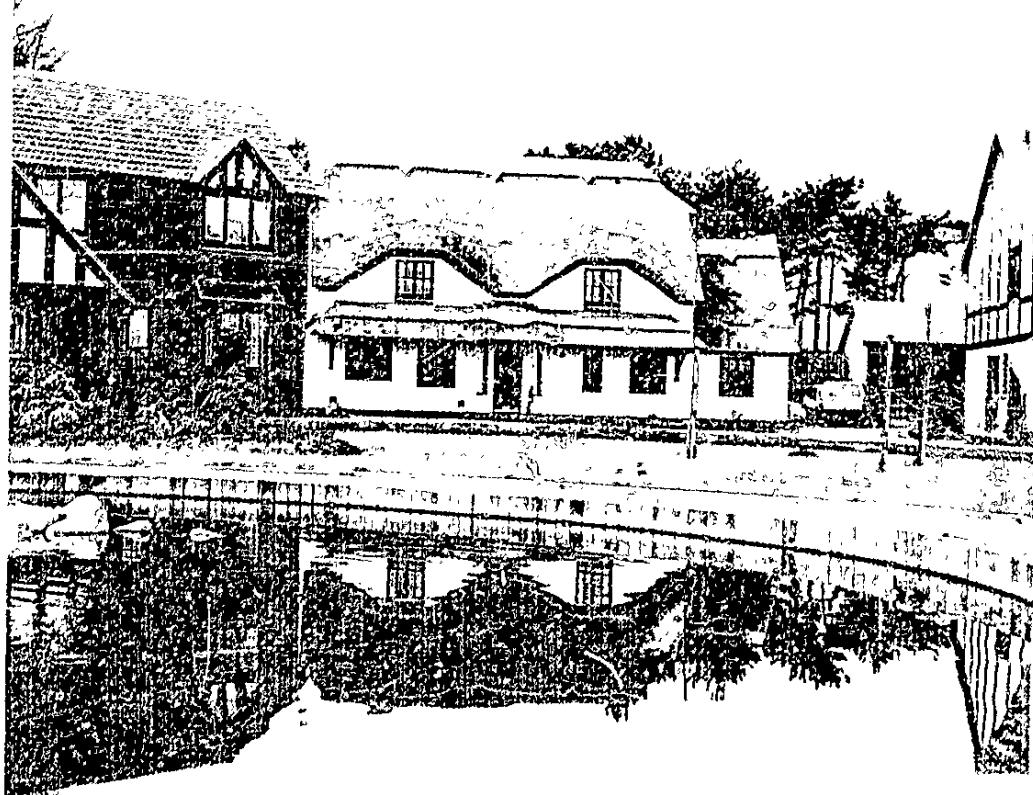
increased demand. The company has also developed a range of advanced new air conditioning products which will be actively marketed on the Continent.

Opportunities for further expansion in Europe are being progressed by AMEC's European development committee. Group strategy in this area embraces both new initiatives and the development of existing bases, including not only Denco SA, in France, but also design engineers Matthew Hall Keynes Engineering and land surveyors Inpark in the Netherlands.



DSM's hydro cyanic acid plant at Geleen, in Holland





The Formby development

THE FORMBY DEVELOPMENT, situated
on the outskirts of Liverpool, has
been built by the estate agent, A. G.
Smyth, who has also built the new
development at the entrance to the
new town of Warrington.

AN APPROPRIATE name for the
new development is "Formby", as it
is situated on the site of the old
village of Formby, which was
incorporated into the town of Liverpool.

THE FORMBY DEVELOPMENT
is situated on the outskirts of Liverpool,
between the village of Formby and the
new town of Warrington. It consists
of a series of semi-detached houses
and flats, all built to a high standard
of craftsmanship and design. The
houses are built of brick and stone,
and the flats are built of concrete
and steel.



Cyclops Wharf in London



housing market and its growing reputation was confirmed during 1988 with a regional housebuilder of the year award.

William Ellis, which operates in the south east of England, also enjoyed a busy year and its activities will continue to complement those of Fairclough Homes.

AMEC Properties made significant progress during 1988 with development schemes in hand which include a joint venture retail project at South Kensington tube station, a three phase development in Crewe Business Park and a multi-million pound commercial initiative in the Silvermills district of Edinburgh.

Sales during the year featured the disposal of 94,000 square feet of office accommodation at Harbour Exchange in London's Docklands, and to the Norwich Union 100,000 square feet of light industrial space in Mulberry Business Park, Wokingham. Other schemes such

as the Citykeys development in London and Friarsgate, in Chester, a centrally sited retail project, were also successfully sold.

IDC Property Investments successfully completed commercial and retail projects in London, Portsmouth and Edinburgh and a number of prime sites were acquired for planned completion this year.

AMEC Regeneration has made particularly fruitful use of the group's strong links with communities in the north and Midlands, successfully coordinating local interests with those of central government and funding agencies to progress a number of regeneration initiatives. The company is currently involved in a wide range of projects whose emphasis varies from industrial to retail and residential; examples include the restoration to a high standard of property owned by Salford University, which has already attracted significant commercial interest.



Globe Park, Marlow





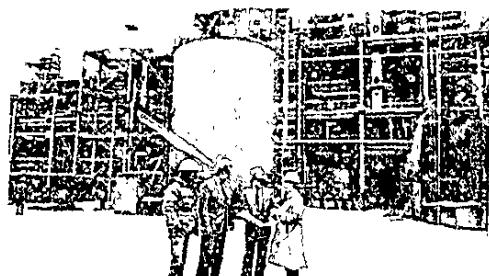
AMICO's first major project in Turkey was the Ankara Gas Conversion Project, which involved the conversion of natural gas to town gas at a rate of 100 million cubic metres per annum. The plant was completed in 1983.



Opening ceremony for the Ankara gas conversion project

In America, all AMICO companies continue to be the subsidiary of AMICO Holdings Inc. The American businesses include: Texas Lead and Zinc Electrolytic Zinc Refinery, and two zinc production plants; most Pure Products in Industries of Plants in sulphur and Woodlawn Spurkles Located in Venezuela together with Barnard and Park in Venezuela.

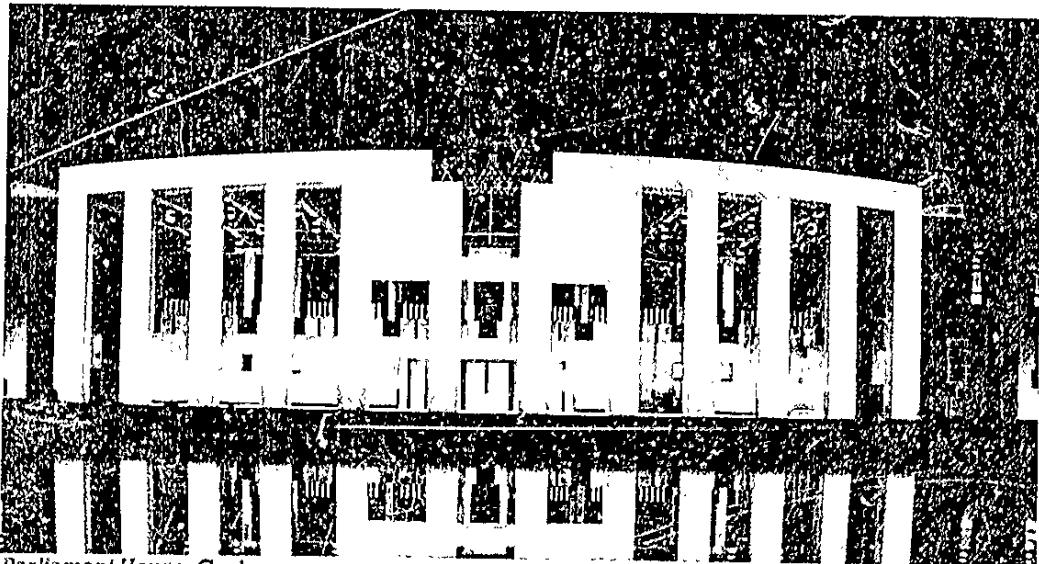
Barnard and Park has activities ranging from specialist paper fabrication to ceramic tile manufacture, installation and maintenance work for a cross-section of industrial clients and, in 1983, the company achieved an



The ICI/Rubicon site

especially busy year. This is the second year since ICI purchased AMICO's share of the joint venture Rubicon and the joint venture company expanded its capacity by 50% to 1.2 million tonnes per annum. Electrolytic zinc manufacture will be increased by 100,000 tonnes per annum by 1985.

AMICO's Australian operations are now controlled by AMICO AMICO Ltd., which, in the recent, the group's new name, is looking to the Australian market for continued growth. In the United Kingdom, AMICO continues to be involved in the pulp and paper industry, and in the construction of major contracts for the steel industry. Parliament House in Canberra and the Commonwealth Games in Brisbane are notable examples. The group's revenue in the important metal domain remains to have doubled over the previous four years, and Australian Mining Group, which provides building, controls and security services, was successfully expanded.

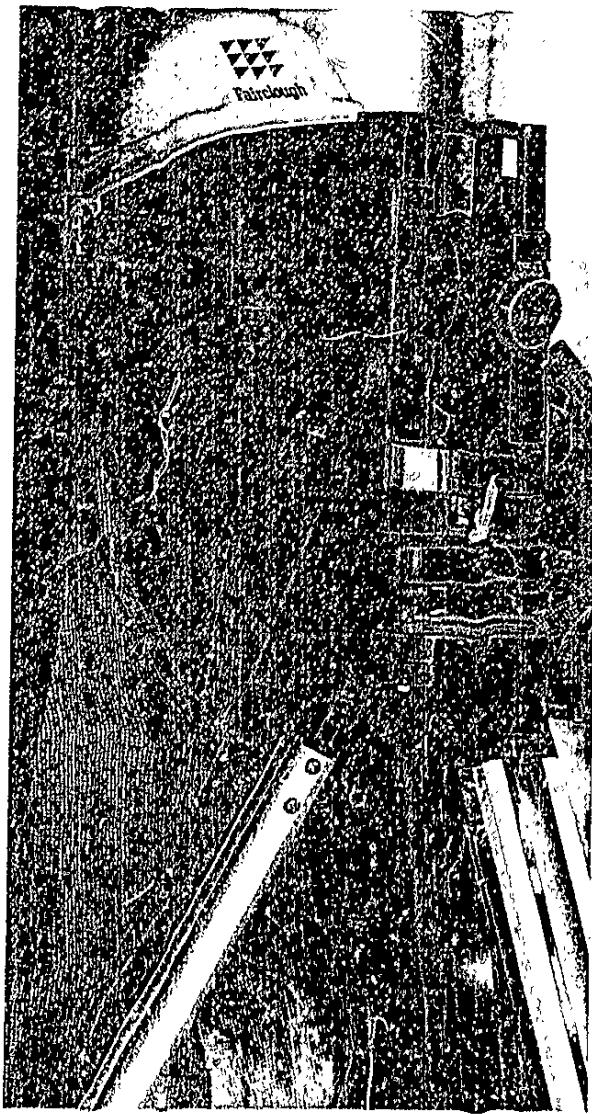


Parliament House, Canberra



In other areas of AMEC's operations the group's plant and transport company AMEC Construction Services continued its policy of investment in new plant and vehicles, with a replacement programme which guarantees one of the largest and most up-to-date fleets of equipment in the industry.

In the field of training and staff development, significant improvements to AMEC programmes were made in 1988 and training of a high standard is now more widely available.



Developing personal potential is an AMEC priority



AMEC supports vocational training

To reinforce vocational training an increased emphasis is now placed on the development of personal potential. The AMEC philosophy is that the full strength of the group can only be realised if each company and each person in it is encouraged to develop their individual capabilities to the full.

In all of its efforts AMEC places a high priority on effective communication, between employees at all levels, between the group and its customers and business associates, and in the communities in which group companies work.

Overall 1988 saw AMEC take a number of important steps forward in the realisation of its objectives. The group has a clear strategy for the future and will continue to move forward with purpose and confidence.





AMEC p.l.c., Directors and Company Secretary

AMEC p.l.c.

DIRECTORS

A Cockshaw FEng *Chairman*
JS Bateson *Chief Executive*
Sir Oswald Davies CBE DCM
CI Bateman
JWH Morgan FEng
RII Peet CBE
RW Mott
R Kisjes
JD Early
GO Whitehead CBE
E Swainson CBE
Sir George Jefferson CBE FEng
MA Hawe

Sir Oswald Davies, Mr JWH Morgan,
Mr RII Peet, Mr E Swainson and Sir
George Jefferson are non-executive
directors.

Sir Oswald Davies, aged 68, was
previously Chairman of Fairclough
Construction Group p.l.c. and Chairman
of AMEC p.l.c. from its formation
through to 31 July 1984.

Mr Morgan, aged 61, joined the board
on 3 October 1983 and was previously a
Director of The General Electric
Company p.l.c. He was Chairman of
AMEC p.l.c. from 1 August 1984 to
18 May 1988.

Mr Peet, aged 63, joined the board on
1 January 1984 and was previously
Chief Executive of Legal and General
Group p.l.c.

Mr Swainson, aged 62, joined the board
on 20 July 1987 and was previously
Managing Director of IMI p.l.c.

Sir George Jefferson, aged 68, joined
the board on 8 February 1989 and was
previously Chairman of Matthew Hall
PLC.

SECRETARY

MJ Bardsley

AUDITORS

Peat Marwick McLintock

REGISTRARS

Barclays Bank PLC
Octagon House,
Gadbrook Park,
Northwich,
Cheshire CW9 7RD

PRINCIPAL BANKERS

Barclays Bank PLC
National Westminster Bank PLC
The Royal Bank of Scotland plc

REGISTERED OFFICE

Sandiway House,
Hartford,
Northwich,
Cheshire,
CW8 2YA

Registered in England
No 1675285



The directors have pleasure in presenting the seventh annual report and accounts being for the year ended 31 December 1988.

BUSINESS REVIEW

The business of the group is building and civil engineering, mechanical and electrical engineering, property development and housing. The group's activities are reviewed in the chairman's statement on pages 6 and 7 and the operational review on pages 9 to 27.

On 19 May 1988 the company acquired the outstanding 50 per cent interest in the private housebuilder, Fairclough Homes Limited.

On 17 August 1988 the company disposed of its investment in Wentworth Club Limited and certain related assets for a cash consideration of £17.7 million.

On 14 November 1988 the company's offer for the issued share capital of Matthew Hall PLC, not already owned, became fully unconditional and Matthew Hall is now a wholly owned subsidiary of the company. Matthew Hall operates from bases in the UK, Australia, Holland and the USA in engineering, project management, design and construction, housing and property development activities.

The profit for the year available to shareholders amounting to £45.4 million is shown in the consolidated profit and loss account on page 33. The directors recommend that a final dividend of 10.75p per ordinary share be paid which, together with the interim dividend of 6.25p makes a total ordinary dividend for the year of 17.0p. After ordinary dividends of £12.2 million and preference dividends of £3.5 million, £29.7 million has been transferred to reserves.

The final dividend will be paid on 3 July 1989 to members on the register at the close of business on 12 May 1989.

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

SHARE CAPITAL

The present authorised and issued share capital of the company and movements during the year are set out in note 22 on pages 47 and 48. Resolutions will be proposed at the 1989 annual general meeting to renew the directors' limited powers to allot the unissued share capital of the company and to issue shares for cash other than to existing shareholders.

SCRIP DIVIDENDS

The proposed new Articles 4(F)(xi) and 116(C) and amendments to Article 4(F)(iii) set out in the notice of annual general meeting on page 54 will authorise the directors, subject to the prior approval of shareholders, to pay dividends in the form of fully paid ordinary shares to ordinary shareholders who elect to receive their dividends in this way.

The directors believe that the opportunity to receive new ordinary shares instead of a cash dividend will be attractive to many shareholders. Shareholders will be able to increase their holdings in the company in a simple manner without paying any dealing costs or stamp duty. In addition, to the extent that shareholders elect to receive new shares instead of cash dividends

the company will benefit from a reduction in advance corporation tax which would otherwise have been payable, and the retention of the cash which would have been paid out as dividends.

The number of ordinary shares to be allotted in respect of the final ordinary dividend for 1988 will be calculated by reference to the average quotation of the company's ordinary shares over the five business days commencing on 8 May 1989 (the date on which they will be first quoted "ex" the relevant dividend).

Accordingly the directors have resolved that, subject to the approval of the recommended final ordinary dividend of 10.75p per share, the adoption of the new Articles and the sanctioning of the amendments to the Articles by a separate meeting of the holders of the convertible preference shares, ordinary shareholders may elect to receive instead new ordinary share(s) on the basis to be set out in a letter to be sent to shareholders on 17 May 1989.

Holders of any convertible preference shares converted pursuant to conversion notices served on the company prior to 19 June 1989 will not be entitled to the final dividend to be declared in respect of the financial year ending 31 December 1988 but will upon becoming registered as the holders of ordinary shares thereafter be entitled to make elections to receive fully paid ordinary shares instead of cash for any future dividends where a scrip alternative is available.

Further information on the scrip dividend arrangements will be given in the letter and the accompanying form of election to be sent to shareholders on 17 May 1989.

SHARE OPTION SCHEMES

Following the rights issue in June 1988, the price and number of outstanding options under the company's share option schemes were adjusted as required by the rules of the schemes and in accordance with calculations agreed by the auditors. The revised figures are reflected in the schedule included in note 22 on pages 47 and 48.

The Chancellor announced measures in the 1989 Budget to increase the maximum permitted discount to market value at which options may be granted under save-as-you-earn share option schemes from 10% to 20%. Subject to Inland Revenue approval, the directors wish to amend the Rules of the AMEC Savings Related Share Option Scheme to incorporate this provision. Resolution 5, in the notice of the annual general meeting on page 56, authorises the directors to carry out this amendment.

PROPOSED TRANSACTION BY A DIRECTOR

To comply with section 320 of the Companies Act 1985, any arrangement entered into between a director and the company, or one of its subsidiaries, to acquire a non-cash asset in excess of £50,000 in value must be approved by shareholders.

Mr CI Bateman is proposing to purchase a house built by a subsidiary company, Fairclough Homes Limited. The purchase price will be the open market price as determined by a reputable third party valuer. Resolution 4 in the notice of the annual general meeting authorises the company to proceed with this transaction.



~~EXTRACT FROM THE DIRECTOR'S REPORT~~

AVFCI

DIRECTORS:

The following were directors at 31 December 1988:

A Cockshaw	RW Mott
JS Bateson	R Kisjes
Sir Oswald Davies	JD Early
CI Bateman	GO Whitehead
JWH Morgan	E Swainson
RH Peet	

The directors retiring by rotation in accordance with Article 84 of the Articles of Association of the company are Mr RH Peet, Mr R Kisjes and Mr JD Early and, being eligible, they offer themselves for re-election. Mr Peet does not have a service contract. Mr Kisjes and Mr Early both have service contracts with the company terminable by 3 years notice.

Sir George Jefferson and Mr MA Hawe were appointed directors with effect from 8 February 1989 and, in accordance with Article 91 of the Articles of Association of the company, retire from office and, being eligible, they offer themselves for re-election. Sir George Jefferson does not have a service contract with the company. Mr Hawe has a service contract with Fairclough Homes Limited terminable by six months notice to expire on or after 1 October 1991.

The beneficial interests in the share capital of the company of the directors holding office at 31 December 1988 were as follows:

<u>1 January 1988</u>	Ordinary Shares	Preference Shares	Executive options*	SAYE options*
A Cockshaw	700		89,000	
JS Bateson	500		75,000	
Sir Oswald Davies	33,836			
CI Bateman	12,000		65,000	1,860
JWH Morgan	7,500			
RH Peet	14,000			
RW Mott	7,000		70,000	3,259
R Kisjes	500		40,000	
JD Early	1,000		45,000	
GO Whitehead	500			
E Swainson	2,000		30,000	
<u>31 December 1988</u>	Ordinary Shares	Preference Shares	Executive options*	SAYE options*
A Cockshaw	700	1,840	113,874	
JS Bateson	500	1,600	99,061	
Sir Oswald Davies	33,836			
CI Bateman	12,000		77,622	1,899
JWH Morgan	7,500	9,000		
RH Peet	14,000	16,799		
RW Mott	7,000		88,341	3,333
R Kisjes	500	600	65,355	
JD Early	1,500	2,200	78,116	
GO Whitehead	500	2,100	71,465	
E Swainson	2,000	2,400		

* The Executive options and the SAYE options were granted under the terms of the AMEC Executive Share Option Scheme and the AMEC Savings Related Share Option Scheme respectively which were approved at the extraordinary general meeting held on 16 May 1985, the terms of which are set out in note 22 on pages 47 and 48.

ANNUAL REPORT ON DIRECTORS

AMEC plc

Sir George Jefferson had at the date of his appointment as a director, a beneficial interest in 25,000 preference shares and £4,375 of unsecured floating rate loan notes 1994.

Mr MA Hawe had at the date of his appointment as a director a beneficial interest in 3,460,000 ordinary shares and a non-beneficial interest in 801,479 ordinary shares. Under the terms of the agreement for the purchase of the outstanding 50% interest in Fairclough Homes Limited, Mr Hawe will be entitled to receive a maximum additional 2,012,800 shares, dependant on the profit performance of that company.

No director had any other interests, beneficial or otherwise, in the share capital, 15% unsecured loan stock or the unsecured floating rate loan notes of the company.

There were no other changes in the directors' interests in the share and loan capital of the company between 31 December 1988 and 27 April 1989.

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

FIXED ASSETS

Movements in fixed assets during the year are set out in notes 14 and 15 on pages 42 to 44. In the opinion of the directors, the market value of the group's land and buildings at 31 December 1988 was in excess of book value but, in relation to the group's affairs as a whole, this difference is not significant.

SUBSTANTIAL INTERESTS

The directors are aware of the under mentioned notifiable interests comprising 5% or more of the ordinary share capital of the company as at 27 April 1989.

MA Hawe:	4,261,479 shares	6.13%
BAT Industries plc:	4,205,000 shares	6.05%

The directors are not aware of any notifiable interest comprising 5% or more of the preference share capital of the company as at 27 April 1989.

EMPLOYEES

It continues to be the policy of the group to maintain and develop systems of communication designed to keep all employees informed of the progress of the group and of any developments which may be of interest or concern.

The employee newspaper, AMEC Times, is complemented by additional newsletters produced within certain subsidiary companies.

Other employee consultation arrangements continue. The Pensions Consultative Committee of the Staff Pension Scheme meets regularly and its meetings are

reported in Pension News, which also carries information about the scheme and informative background articles. Pension Scheme members also receive personal benefit statements.

Further share options were granted in 1988 under the Savings Related Share Option Scheme in accordance with the group's declared objective of increasing employee awareness and participation in the business of the group.

The policy of the group is to consider for employment, promotion and training, all suitable candidates without discrimination on the grounds of race, sex, ethnic origin, religion or marital status.

It is also the policy of the group to consider for employment, equally with all other applicants, disabled persons with the necessary abilities and aptitudes, recognising that special considerations are necessary, in view of the nature of the group's main activities, to ensure that disabled persons employed by the group are properly trained for the tasks they perform. The group is an equal opportunities employer.

The health and safety at work of all employees continues to be a priority and the majority of subsidiary companies and divisions have again won British Safety Council awards during the year.

The group's safety policies and procedures remain under constant review in order to achieve further improvement.

Following the review of training last year, further progress has been made with the establishment of training programmes for directors and managers. A group training manager has been appointed to develop and progress this area further.

DONATIONS

Charitable donations for the year amounted to £113,000 including £50,000 to the AMEC Charitable Trust. Charitable donations amounting to £72,000 in the year were made by the AMEC Charitable Trust.

STATUS FOR TAXATION

As far as the directors are aware the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the company.

AUDITORS

The auditors are Peat Marwick McLintock. A resolution will be proposed at the annual general meeting to re appoint them as auditors and to authorise the directors to fix their remuneration.

By order of the board
MJ Bardsley
Secretary
27 April 1989



FOR THE YEAR ENDED 31 DECEMBER 1988

AMFC plc

	Note	1988 £million	1987 £million
TURNOVER.			
Cost of sales	2	1309.9	793.6
		1183.3	717.0
Gross profit		126.6	76.6
Administrative expenses		71.7	49.1
OPERATING PROFIT			
Income from related companies	3	54.9	27.5
Income from investments	6	6.2	6.8
Net interest receivable	7	0.2	-
	8	0.3	0.2
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		61.6	34.5
Taxation on profit on ordinary activities	9	21.5	12.3
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		40.1	22.2
Extraordinary items	10	5.3	(0.9)
PROFIT FOR THE FINANCIAL YEAR		45.4	21.3
Dividends	11	15.7	8.4
RETAINED PROFIT	23	29.7	12.9
EARNINGS PER ORDINARY SHARE	13		
Undiluted		54.2p	34.5p
Diluted		41.8p	34.0p
DIVIDENDS PER ORDINARY SHARE	11	17.0p	13.0p

The notes on pages 37 to 50 form part of these accounts.



CONTINUING DIRECTORSHIP

AT 31 DECEMBER 1988

AMEC plc

	Note	1988 £million	1988 £million	1987 £million	1987 £million
FIXED ASSETS					
Tangible assets	14		144.0		76.5
Investments	15		11.8		30.6
			<u>155.8</u>		<u>107.1</u>
CURRENT ASSETS					
Stocks and work in progress	16	351.5		124.0	
Debtors	17	212.2		111.2	
Investments	18	0.1		0.1	
Cash at bank and in hand		57.2		26.8	
		<u>621.0</u>		<u>262.1</u>	
CREDITORS: due within one year	19	498.6		242.0	
NET CURRENT ASSETS		<u>122.4</u>		<u>20.1</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>278.2</u>		<u>127.2</u>	
CREDITORS: due after one year	20	39.7		19.2	
PROVISION FOR LIABILITIES AND CHARGES	21	0.4		—	
		<u>40.1</u>		<u>19.2</u>	
		<u>238.1</u>		<u>108.0</u>	
CAPITAL AND RESERVES					
Called up share capital	22	122.5		32.2	
Reserves	23	115.5		75.7	
SHAREHOLDERS' FUNDS		<u>238.0</u>		<u>107.9</u>	
Minority interests		0.1		0.1	
		<u>238.1</u>		<u>108.0</u>	

Approved by the board of directors on 27 April 1989

A Cockshaw, director

JD Early, director

The notes on pages 37 to 50 form part of these accounts.



AT 31 DECEMBER 1988

AMEC plc

	Note	1988 £million	1988 £million	1987 £million	1987 £million
FIXED ASSETS					
Tangible assets	14		1.6		0.5
Investments in subsidiary companies	15		211.8		123.9
Investments in related companies	15		8.3		28.8
			222.2		153.2
CURRENT ASSETS					
Debtors	17	5.8		9.4	
Investments	18	0.1		0.1	
Cash at bank and in hand		94.5		9.1	
		100.4		18.6	
CREDITORS: due within one year	19	71.0		50.3	
NET CURRENT ASSETS (LIABILITIES)		29.4		(31.7)	
TOTAL ASSETS LESS CURRENT LIABILITIES		251.6		121.5	
CREDITORS: due after one year	20	13.6		13.6	
		238.0		107.9	
CAPITAL AND RESERVES					
Called up share capital	22		122.5		32.2
Reserves	23		115.5		75.7
SHAREHOLDERS' FUNDS		238.0		107.9	

Approved by the board of directors on 27 April 1989

A Cockshaw, director

JD Early, director

The notes on pages 37 to 50 form part of these accounts.



FOR THE YEAR ENDED 31 DECEMBER 1988

AMEC plc

	1988 £million	1988 £million	1987 £million	1987 £million
SOURCE OF FUNDS:				
Profit on ordinary activities before taxation	61.6		34.5	
Extraordinary items before taxation	9.4		(1.4)	
	71.0		33.1	
Items not involving the movement of funds:				
Depreciation	16.8		13.6	
Surplus on disposal of properties	(2.1)		(0.4)	
Reserves of related companies	(1.1)		(2.7)	
	13.6		10.5	
Total generated from operations	84.6		43.6	
Funds from other sources:				
Net proceeds from share issues	80.5		-	
Increase in long term loans	1.6		7.7	
Disposal of tangible assets	13.9		5.1	
TOTAL FUNDS GENERATED	180.6		56.4	
APPLICATION OF FUNDS:				
Purchase of tangible assets	46.5		23.8	
Investments in related companies	7.3		15.8	
Subsidiaries acquired (Note 24)	42.2		3.5	
Dividends paid to shareholders	11.9		7.9	
Taxation paid	8.2		6.2	
	116.8		57.2	
Changes in working capital:				
Stocks and work in progress	25.3		27.7	
Debtors	43.3		23.8	
Creditors	(87.4)		(26.8)	
	(18.8)		24.7	
TOTAL FUNDS APPLIED	98.0		81.9	
EXCESS OF FUNDS GENERATED OVER FUNDS APPLIED				
Excess of funds applied over funds generated	-		(25.5)	
Net liquid borrowings of subsidiaries acquired	(50.5)		-	
Net liquid funds at 1 January	17.0		42.5	
NET LIQUID FUNDS AT 31 DECEMBER	49.1		17.0	



1 Accounting Policies

BASIS OF PRESENTATION

Accounting convention

The accounts have been prepared under the historical cost convention modified to include the revaluation of certain fixed assets.

Basis of consolidation

The group accounts include the accounts of AMEC p.l.c. and all its subsidiaries and the group's share of the results and net assets of related companies made up to 31 December each year. Certain overseas companies have been consolidated at original cost and profit recognition taken on a remittance basis.

The company has not presented its own profit and loss account as permitted by Section 228(7) of the Companies Act 1985.

TURNOVER

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

DEPRECIATION

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

Freehold buildings	-50 years
Leasehold land and buildings	-the lease term
Plant and equipment	-mainly 3 to 5 years

STOCKS AND WORK IN PROGRESS

Stocks and work in progress, other than long term contract work in progress, are stated at the lower of cost, including attributable overheads, and net realisable value.

Long term contract work in progress is stated at cost, plus attributable profits, less provision for any known or anticipated losses and payments on account received and receivable.

RESEARCH AND DEVELOPMENT

Research and development expenditure is written off as incurred.

DEFERRED TAXATION

Provision is made for taxation deferred in respect of all timing differences except where it is considered there is reasonable probability that such taxation will not be payable in the foreseeable future.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences arising on the retranslation of opening net assets of overseas companies are taken directly to reserves. All other translation differences are taken to the profit and loss account.

GOODWILL

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



ANNUAL REPORT

2 Turnover And Profit

Before Taxation

By principal activity:

	Turnover 1988 £million	Turnover 1987 £million	Profit 1988 £million	Profit 1987 £million
Building and civil engineering	610.0	471.5	17.8	18.2
Mechanical and electrical engineering	437.8	347.4	12.1	7.7
Property development and housing	249.7	54.0	28.8	8.6
Matthew Hall group	95.4	-	2.9	-
	1392.9	872.9	61.6	34.5
Elimination of internal trading and share of turnover of related companies	83.0	79.3	-	-
	1309.9	793.6	61.6	34.5

Turnover by geographical area.

	1988 £million	1987 £million
United Kingdom	1161.1	710.9
Rest of Europe	28.9	15.4
Americas	66.8	29.5
Australasia	36.1	20.0
Africa	8.9	11.4
Asia	8.1	6.4
	1309.9	793.6

3 Operating Profit

Operating profit is stated after charging:

	1988 £million	1987 £million
Depreciation	16.8	13.6
Hire of plant and equipment	27.9	17.0
Property lease rentals	3.7	2.9
Auditors' remuneration	0.6	0.6



4 Directors' Remuneration

	1988 £million	1987 £million
Emoluments including pension contributions	1.1	0.7

In 1988 the benefits committee of the group board approved the introduction of a formal incentive remuneration scheme for executive directors of AMEC p.l.c. which is based upon the overall performance of the AMEC group as reflected in the annual growth of undiluted earnings per ordinary share.

The emoluments (excluding pension contributions) of the present chairman from 19 May 1988 to 31 December 1988 amounted to £109,394.

The emoluments (excluding pension contributions) of the former chairman from 1 January 1988 to 18 May 1988 amounted to £45,000 (1987 - £90,000).

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

£	Number	Number
5,001- 10,000	-	1
10,001- 15,000	-	1
15,001- 20,000	3	1
50,001- 55,000	-	1
55,001- 60,000	-	1
60,001- 65,000	1	2
70,001- 75,000	-	1
80,001- 85,000	-	1
85,001- 90,000	-	2
95,001-100,000	-	1
115,001-120,000	2	-
120,001-125,000	2	1
135,001-140,000	1	-
155,001-160,000	1	-

5 Staff Costs

	1988 £million	1987 £million
Wages and salaries	266.0	192.9
Social security costs	25.5	17.7
Other pension costs	7.6	6.1
	299.1	216.7

The average weekly number of employees during the year was

Number	Number
	19,445

Senior employees of the group, who performed their duties mainly in the United Kingdom, received remuneration within the following ranges:

£	Number	Number
30,001- 35,000	53	27
35,001- 40,000	30	21
40,001- 45,000	16	7
45,001- 50,000	11	5
50,001- 55,000	4	1
55,001- 60,000	4	3
65,001- 70,000	3	-
80,001- 85,000	2	-
85,001- 90,000	1	-
90,001- 95,000	1	-
110,001-115,000	1	-



6 Income From Related Companies

	1988 £million	1987 £million
Share of results	5.2	4.5
Interest receivable	1.0	2.3
	<hr/>	<hr/>
	6.2	6.8
	<hr/>	<hr/>

7 Income From Investments

	1988 £million	1987 £million
Net surplus on disposal of unlisted investments	0.1	-
Dividends from listed investments	0.1	-
	<hr/>	<hr/>
	0.2	-
	<hr/>	<hr/>

8 Net Interest Receivable

	1988 £million	1987 £million
Interest receivable:		
Bank and short term deposits	5.6	2.0
Other	0.5	0.1
	<hr/>	<hr/>
Interest payable:		
On loans wholly repayable within five years	(5.4)	(1.9)
On other loans not so repayable	(0.2)	-
On finance leases	(0.2)	-
	<hr/>	<hr/>
	0.3	0.2
	<hr/>	<hr/>

9 Taxation On Profit On Ordinary Activities

	1988 £million	1987 £million
The taxation charge is made up as follows:		
Based on the profit for the year:		
Corporation tax	21.4	11.5
Deferred taxation	(1.1)	(1.0)
	<hr/>	<hr/>
Double taxation relief	20.3	10.5
	(0.2)	(0.1)
	<hr/>	<hr/>
Overseas taxation	20.1	10.4
	0.7	(0.1)
	<hr/>	<hr/>
Taxation (over) under provided in previous years	20.8	10.3
Related companies	(0.4)	0.5
	1.1	1.5
	<hr/>	<hr/>
	21.5	12.3
	<hr/>	<hr/>

Taxation for the year has been provided at the rate of 35% (1987-35%)

Approximate amount of losses available in subsidiary companies to carry forward against future taxable trading income subject to agreement of the appropriate taxation authorities

12.6	7.5
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10 Extraordinary Items

	1988 £million	1987 £million
Surplus on sale of subsidiary companies	13.9	
Closure and reorganisation costs	(4.5)	(1.4)
 Taxation	 9.4	 (1.4)
	(4.1)	0.5
	 5.3	 (0.9)

11 Dividends

	1988 pence per share	1987 pence per share	1988 £million	1987 £million
Ordinary shares:				
Interim paid	6.25	4.75	4.3	3.1
Final proposed	10.75	8.25	7.5	5.3
1987 final dividend paid to the vendors of the outstanding interest in Fairclough Homes Limited			0.4	-
	17.00	13.00	12.2	8.4
Convertible redeemable preference shares			3.5	-
			15.7	8.4
 12 Retained Profit				
			1988 £million	1987 £million
Dealt with in the accounts of the holding company			16.3	12.9
Retained by subsidiary companies			13.4	-
			29.7	12.9

13 Earnings Per Ordinary Share

The calculation of undiluted earnings per ordinary share is based on earnings of £36.6 million (1987—£22.2 million) and on 67,513,483 (1987—64,435,760) ordinary shares being the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings per ordinary share is based on 85,183,730 ordinary shares which allows for conversion of all the convertible redeemable preference shares in issue from the dates of allotment during the year and the allotment of ordinary shares under employee share option schemes and on adjusted earnings of £40.7 million. The calculation also takes account of the maximum additional 2,516,000 ordinary shares which may be allotted in April 1991 in respect of the acquisition of the outstanding interest in Fairclough Homes Limited provided that the profits before taxation of that company exceed £50 million for the three years ended 31 December 1990. The profit before taxation for the year ended 31 December 1988 amounted to £19.4 million.



14 Tangible Assets

	Land and buildings £million	Plant and equipment £million	Total £million
Group:			
Cost or valuation:			
At 1 January 1988	47.2	105.2	152.4
Subsidiaries acquired	25.0	50.4	75.4
Additions	13.5	33.0	46.5
Disposals	(7.0)	(16.2)	(23.2)
Revaluation	8.1	—	8.1
Exchange adjustment	0.2	0.3	0.5
At 31 December 1988	87.0	172.7	259.7
Depreciation:			
At 1 January 1988	6.6	69.3	75.9
Subsidiaries acquired	1.6	32.6	34.2
Provided during the year	1.3	15.5	16.8
Disposals	(0.3)	(11.1)	(11.4)
Exchange adjustment	—	0.2	0.2
At 31 December 1988	9.2	106.5	115.7
Net book value:			
At 31 December 1988	77.8	66.2	144.0
At 31 December 1987	40.6	35.9	76.5
Company:			
Cost:			
At 1 January 1988	—	2.3	2.3
Additions	0.8	0.7	1.5
Disposals	—	(0.2)	(0.2)
At 31 December 1988	0.8	2.8	3.6
Depreciation:			
At 1 January 1988	—	1.8	1.8
Provided during the year	—	0.4	0.4
Disposals	—	(0.2)	(0.2)
At 31 December 1988	—	2.0	2.0
Net book value:			
At 31 December 1988	0.8	0.8	1.6
At 31 December 1987	—	0.5	0.5



14 Tangible Assets (continued)

	Group 1988 £million	Group 1987 £million	Company 1988 £million
The net book value of land and buildings comprises:			
Freehold	70.4	35.7	0.8
Long leasehold	5.7	4.3	—
Short leasehold	1.7	0.6	—
	77.8	40.6	0.8
Land and buildings are stated at:			
Valuation 1974	—	3.6	—
Valuation 1978	—	2.1	—
Valuation 1986	—	13.5	—
Valuation 1988	28.0	—	—
Cost	59.0	28.0	0.8
	87.0	47.2	0.8

Investment properties, other than those held within the Matthew Hall group, were valued on an open market basis at 31 December 1988 by the managing director of AMEC Properties Limited who is a fellow of the Royal Institution of Chartered Surveyors. Investment properties of the Matthew Hall group have been included at cost.

No provision has been made for the contingent 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 above at valuation, determined according to the historical cost accounting rules is as follows:

	Group 1988 £million	Group 1987 £million
Cost	19.9	17.7
Depreciation	—	0.8
Net book value	19.9	16.9

Fixed assets not depreciated:

Investment properties	33.8	15.3
Land	9.7	5.1
Assets in the course of construction	1.8	7.4
	45.3	27.8



15 Investments (held as fixed assets)**Investments in subsidiary companies:**

	Company 1988 £million	Company 1987 £million
Shares at valuation	198.3	128.1
Amounts owed by subsidiary companies	279.8	163.7
Amounts owed to subsidiary companies	(266.3)	(167.9)
	211.8	123.9

Investments in subsidiary companies are stated at the net asset value attributable to the company.

The increase in shares in subsidiary companies relates to acquisitions and increased capitalisation during the year.

Investments in related companies:

	Group £million	Company £million
Net book value at 1 January 1988	30.6	28.8
Additions	7.3	7.2
Disposals and transfers	(26.7)	(26.7)
Net increase in share of reserves	1.1	(0.3)
Other movements	(0.5)	(0.2)
Net book value at 31 December 1988	11.8	8.8
Represented by:		
Shares at cost less amounts written off	11.0	8.9
Share of post acquisition reserves	0.8	(0.1)
	11.8	8.8
Investment listed on a United Kingdom Stock Exchange:		
Cost including share of post acquisition reserves	8.7	8.7
Market value	15.8	15.8

Principal group companies are listed on page 53

16 Stocks And Work In Progress

Long term contract work in progress
 Property development land and work in progress
 Raw materials and consumables
 Other work in progress
 Finished goods and goods for resale

	Group 1988 £million	Group 1987 £million
Long term contract work in progress	170.5	79.1
Property development land and work in progress	157.9	26.8
Raw materials and consumables	11.5	7.6
Other work in progress	4.6	5.5
Finished goods and goods for resale	7.0	5.0
	351.5	124.0

Long term contract work in progress is stated after deduction of amounts received and receivable of

1728.7	967.7
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16 Stocks And Work In Progress (continued)

The inclusion of attributable profit on long term contract work in progress is in accordance with Statement of Standard Accounting Practice No. 9 as applicable at 31 December 1988. This constitutes a departure from the statutory valuation rules for current assets but is required by S.228(5) Companies Act 1985 to enable the accounts to give a true and fair view. As progress payments cannot meaningfully be allocated between cost and profit, it is impracticable to determine the effect of the departure on the balance sheet carrying amount of long term contract work in progress.

17 Debtors**Due within one year:**

	Group 1988 £million	Group 1987 £million	Company 1988 £million	Company 1987 £million
Trade debtors	172.5	92.5	-	-
Amounts owed by subsidiary companies	-	-	1.0	1.3
Amounts owed by related companies	8.1	8.2	-	5.2
Other debtors	14.0	7.0	4.5	2.7
Prepayments and accrued income	7.4	3.5	0.3	0.2
	202.0	111.2	5.8	9.4

Due after one year:

Trade debtors	1.3	-	-	-
Amounts owed by related companies	8.9	-	-	-
	212.2	111.2	5.8	9.4

18 Investments (held as current assets)

	Group 1988 £million	Group 1987 £million	Company 1988 £million	Company 1987 £million
Listed investments:				
Cost and market value	0.1	0.1	0.1	0.1

19 Creditors: due within one year

	Group 1988 £million	Group 1987 £million	Company 1988 £million	Company 1987 £million
Bank loans and overdrafts	8.1	9.8	2.4	8.9
Trade creditors	364.1	162.2	7.2	4.4
Amounts owed to subsidiary companies	-	-	0.6	0.8
Amounts owed to related companies	-	0.2	-	-
Corporation tax	49.4	29.7	43.7	29.2
Other taxation and social security costs	15.1	3.8	0.3	0.2
Other creditors	16.1	10.5	5.1	0.4
Accruals and deferred income	36.7	15.5	2.6	1.1
Dividends	9.1	5.3	9.1	5.3
	498.6	242.0	71.0	50.3



20 Creditors: due after one year

	Group 1988 £million	Group 1987 £million	Company 1988 £million	Company 1987 £million
Loan stock 1992	6.5	6.5	6.5	6.5
US dollar loans	21.3	6.9	7.1	6.9
Other foreign currency loans	2.3	1.2	-	-
Other creditors	9.6	4.6	-	0.2
	39.7	19.2	13.6	13.6

The 15% unsecured loan stock 1992 can be redeemed on 31 March 1990 at par at the option of stockholders; any loan stock not so redeemed will be redeemed at par on 31 December 1992.

The US dollar loans are unsecured and are repayable as to £1.3 million by 31 December 1990, £18.3 million by 31 December 1993 and £1.7 million after 1 January 1994.

Other foreign currency loans comprise secured loans of £0.7 million and unsecured loans of £1.6 million. Loans are repayable as to £0.4 million by 31 December 1990, £1.4 million by 31 December 1993 and £0.5 million after 1 January 1994.

Interest payments on £10.6 million of the US dollar loans are fixed at 7.9% until 31 December 1992. Interest payments on all other loans vary with market rates; at 31 December 1988 these ranged between 5.6% and 9.8%.

21 Provision For Liabilities And Charges

		Group £million	Company £million
Deferred taxation			
Balance at 1 January 1988		-	-
Deferred taxation credit		(2.7)	(2.7)
Other movements		3.1	2.7
Balance at 31 December 1988		0.4	-
		Group 1988 £million	Group 1987 £million
		Company 1988 £million	Company 1987 £million
Accelerated capital allowances	1.7	2.4	1.7
Other timing differences	(1.3)	(2.1)	(1.2)
Recoverable advance corporation tax	-	(0.3)	-
Provided in accounts	0.4	-	-
Not provided in accounts:			
Accelerated capital allowances	0.7	1.5	0.7
Other timing differences	-	(0.2)	-
Total potential liability	1.1	1.3	0.7
			1.3

No provision has been made in these accounts for taxation on undistributed earnings of foreign subsidiaries.



22 Share Capital

	Authorised 1988 Number	Authorised 1988 Number	Allotted, called up and fully paid 1988 £million	Allotted, called up and fully paid 1987 £million
Ordinary shares of 50p each		100,000,000	86,000,000	34.7
6.5p (net) cumulative convertible redeemable preference shares of 50p each		220,000,000	—	87.8
			122.5	32.2

On 19 May 1988 AMEC agreed to acquire 5,000 ordinary shares of £1 each being the outstanding 50 per cent. interest in Fairclough Homes Limited for an initial consideration of 4,933,334 ordinary shares equivalent to approximately £18.5 million. Further consideration may be payable in 1991 based on aggregate profits before tax of Fairclough Homes Limited for the three years ending 31 December 1990 and which would be satisfied by the issue of additional ordinary shares. The number of additional ordinary shares to be issued will be determined by the extent to which aggregate profits before tax exceed £30 million subject to a maximum of 2,516,000 additional ordinary shares if aggregate profits before tax exceed £50 million.

By shareholders' resolution the authorised share capital was increased by £62 million on 13 June 1988 by the creation of an additional 14 million ordinary shares and 110 million preference shares.

On 6 July 1988, 83,258,724 preference shares were allotted pursuant to a rights issue on the basis of six preference shares for every five ordinary shares held.

On 14 November 1988 the authorised share capital was further increased by £55 million by shareholders' resolution by the creation of an additional 110 million preference shares.

A total of 92,254,268 preference shares will be allotted in part consideration of the acquisition of the ordinary shares in Matthew Hall PLC pursuant to the offer dated 21 October 1988 to acquire the whole of the issued share capital. At 31 December 1988 82,836,590 preference shares had been allotted.

The total number of ordinary shares allotted at 31 December 1988 was 69,407,074 (1987 - 64,447,672). The total number of preference shares allotted at 31 December 1988 was 166,095,314 (1987 - nil).

Conversion and redemption of preference shares

The preference shares are convertible into ordinary shares on 31 May (or, if later, the date five weeks after despatch to the holders of the preference shares of the audited consolidated accounts of the company and its subsidiaries for the most recently ended financial period) or 30 November in the year 1989 and in each of the following years up to and including the year 2008 on the basis of 24.39 ordinary shares of 50p each for every 100 preference shares.

The company must redeem at 100p per share on 1 May 2009 any preference shares which remain in issue and are outstanding at that date.

Share options

In 1988 share options were granted in respect of 241,857 ordinary shares under the Savings Related Share Option Scheme and in respect of 769,000 ordinary shares under the Executive Share Option Scheme.



22 Share Capital (continued)

At 31 December 1988 share options were outstanding as follows:

	Option price per share	Number of shares
Savings Related Share Option Scheme		
Normally exercisable in the period between:		
September 1990 and February 1991	222p	438,291
July 1991 and December 1991	247p	91,890
July 1992 and December 1992	300p	235,149
July 1993 and December 1993	346p	237,989
Executive Share Option Scheme		
Normally exercisable in the period between:		
September 1988 and September 1995	232p	340,163
April 1989 and April 1996	274p	290,204
April 1990 and April 1997	332p	600,377
April 1991 and April 1998	384p	682,918
August 1991 and August 1998	364p	90,000

Currently there are 1,065 participants in the AMEC Savings Related Scheme and 58 participants in the AMEC Executive Scheme.

During the year the following allotments of ordinary shares were made under the provisions of the AMEC Share Option Schemes:-

AMEC Savings Related Scheme	1,490 shares at 222p per share 1,579 shares at 227p per share 421 shares at 252p per share 58 shares at 300p per share 240 shares at 306p per share
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AMEC Executive Scheme	13,280 shares at 232p per share 9,000 shares at 237p per share
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Employees holding options under the Matthew Hall Savings Related and Executive Share Option Schemes were permitted to roll-over their options over Matthew Hall shares into options over AMEC shares. This exercise was completed in February 1989 and the resultant additional options over AMEC shares are as follows:-

	Option price per share	Number of shares
Matthew Hall Savings Related Scheme	285.08p	514,445
Matthew Hall Executive Scheme	304.82p 504.38p 335.52p	612,181 106,020 24,852



AMEC plc

23 Reserves

Group:	Share premium account £million	Revaluation reserve £million	Other non distributable reserves £million	Profit and loss account £million	Total reserves £million
At 1 January 1988	-	-	-	75.7	75.7
Retained profit	-	-	-	29.7	29.7
Shares issued less costs	78.5	-	16.0	-	94.5
Goodwill on acquisitions	-	-	(16.0)	(76.8)	(92.8)
Surplus on property revaluation	-	8.1	-	-	8.1
Other movements	-	-	-	0.3	0.3
At 31 December 1988	<u>78.5</u>	<u>8.1</u>	<u>-</u>	<u>28.9</u>	<u>115.5</u>

Company:	Share premium account £million	Revaluation reserve £million	Other non distributable reserves £million	Profit and loss account £million	Total reserves £million
At 1 January 1988	-	-	-	75.7	75.7
Retained profit	-	-	-	16.3	16.3
Shares issued less costs	78.5	-	16.0	-	94.5
Goodwill on acquisitions	-	-	(16.0)	(76.4)	(92.4)
Adjustment to carrying value of investments	-	18.5	-	2.9	21.4
At 31 December 1988	<u>78.5</u>	<u>18.5</u>	<u>-</u>	<u>18.5</u>	<u>115.5</u>

Advantage has been taken of Section 131 Companies Act 1985 (merger relief) in accounting for the acquisition of the outstanding interest in Fairclough Homes Limited.

24 Subsidiaries Acquired

Net assets acquired:	£million	Discharged by:	£million
Tangible assets	41.2	Shares issued	104.3
Stocks and work in progress	202.2	Reclassification of investment in a related company	26.7
Debtors	57.7	Cash paid	42.2
Creditors	(156.3)		
Loans	(13.9)		
Net liquid borrowings	(50.5)		
Goodwill	80.4		
	92.8		
	<u>173.2</u>		<u>173.2</u>



25 Capital Commitments

	Group 1988 £million	Group 1987 £million	Company 1988 £million	Company 1987 £million
Contracted but not provided in accounts	5.4	2.9	2.0	-
Authorised by the directors but not contracted	5.9	7.3	0.2	-

26 Lease Commitments

	Group Land and buildings 1988 £million	Group Plant and equipment 1988 £million	Group Land and buildings 1987 £million	Group Plant and equipment 1987 £million
Current annual commitments payable under non-cancellable leases expiring:				
Within one year	0.4	0.2	0.2	-
Between two and five years	0.7	0.9	0.3	0.2
After five years	5.7	0.1	1.8	-
	6.8	1.2	2.3	0.2

27 Contingent Liabilities

	Group 1988 £million	Group 1987 £million	Company 1988 £million	Company 1987 £million
Guarantees given in respect of borrowings of subsidiary and related companies	-	1.3	72.0	1.5

The parent and certain subsidiary companies have given counter indemnities in respect of performance bonds in the normal course of business.

28 Pension Arrangements

The group operates pension schemes under which contributions paid by employees and employers are held in funds that are separate from the group's finances and which are administered by trustees. All the schemes are satisfactorily funded on a discontinuance basis.



REPORT OF THE AUDITORS
TO THE MEMBERS OF AMIC plc

We have audited the accounts on pages 33 to 50
in accordance with Auditing Standards.

In our opinion the accounts give a true and fair
view of the state of affairs of the company and of
the group at 31 December 1988 and of the profit
and source and application of funds of the group
for the year then ended and have been properly
prepared in accordance with the Companies Act
1985.

Peat Marwick McLintock

Peat Marwick McLintock
Chartered Accountants
Leeds

27 April 1989

FOR THE TEN YEARS ENDED 31 DECEMBER 1983

AMEC plc

	1988 £m	1987 £m	1986 £m	1985 £m	1984 £m	1983 £m	1982 £m	1981 £m	1980 £m	1979 £m
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CONSOLIDATED RESULTS

Turnover	<u>1309.9</u>	<u>793.6</u>	<u>711.0</u>	<u>751.0</u>	<u>686.7</u>	<u>715.3</u>	<u>263.5</u>	<u>245.6</u>	<u>264.1</u>	<u>237.5</u>
Profit before taxation	<u>61.6</u>	<u>34.5</u>	<u>30.5</u>	<u>25.5</u>	<u>27.1</u>	<u>26.1</u>	<u>16.5</u>	<u>13.4</u>	<u>10.3</u>	<u>10.2</u>
Taxation	<u>(21.5)</u>	<u>(12.3)</u>	<u>(11.0)</u>	<u>(9.5)</u>	<u>(7.6)</u>	<u>(8.1)</u>	<u>(5.7)</u>	<u>(3.9)</u>	<u>8.3</u>	<u>(3.1)</u>
Profit after taxation	<u>40.1</u>	<u>22.2</u>	<u>19.5</u>	<u>16.0</u>	<u>19.5</u>	<u>18.0</u>	<u>10.8</u>	<u>9.5</u>	<u>18.0</u>	<u>7.1</u>
Extraordinary items	<u>5.3</u>	<u>(0.9)</u>	<u>(1.2)</u>	<u>(3.3)</u>	<u>0.1</u>	<u>(1.4)</u>	<u>(2.9)</u>	<u>0.8</u>	<u>(0.5)</u>	<u>-</u>
Attributable profit	<u>45.4</u>	<u>21.3</u>	<u>18.3</u>	<u>12.7</u>	<u>19.6</u>	<u>16.6</u>	<u>7.9</u>	<u>10.3</u>	<u>18.1</u>	<u>7.1</u>
Dividends	<u>(15.1)</u>	<u>(8.4)</u>	<u>(7.7)</u>	<u>(7.1)</u>	<u>(7.1)</u>	<u>(6.4)</u>	<u>(5.3)</u>	<u>(2.4)</u>	<u>(2.0)</u>	<u>(1.8)</u>
Retained profit	<u>29.7</u>	<u>12.9</u>	<u>10.6</u>	<u>5.6</u>	<u>12.5</u>	<u>10.2</u>	<u>2.6</u>	<u>7.9</u>	<u>16.1</u>	<u>5.3</u>
<i>Earnings per ordinary share: undiluted</i>	<i>54.2p</i>	<i>34.5p</i>	<i>30.0p</i>	<i>24.8p</i>	<i>29.6p</i>	<i>27.9p</i>	<i>24.6p</i>	<i>21.8p</i>	<i>18.8p</i>	<i>16.0p</i>
<i>Earnings per ordinary share: diluted</i>	<i>47.8p</i>	<i>34.0p</i>	<i>29.7p</i>	<i>24.7p</i>	<i>29.6p</i>	<i>27.9p</i>	<i>24.6p</i>	<i>21.8p</i>	<i>18.8p</i>	<i>16.0p</i>
<i>Dividends per ordinary share</i>	<i>17.0p</i>	<i>13.0p</i>	<i>12.0p</i>	<i>11.0p</i>	<i>11.0p</i>	<i>10.0p</i>	<i>9.0p</i>	<i>5.5p</i>	<i>4.5p</i>	<i>4.0p</i>

SUMMARISED CONSOLIDATED BALANCE SHEETS

Assets employed:										
Fixed assets	<u>155.8</u>	<u>107.1</u>	<u>85.9</u>	<u>71.2</u>	<u>66.0</u>	<u>71.3</u>	<u>73.1</u>	<u>51.1</u>	<u>41.7</u>	<u>40.6</u>
Net current assets	<u>122.4</u>	<u>20.1</u>	<u>27.1</u>	<u>44.1</u>	<u>45.3</u>	<u>34.5</u>	<u>24.3</u>	<u>8.3</u>	<u>9.3</u>	<u>5.8</u>
	<u>278.2</u>	<u>127.2</u>	<u>113.0</u>	<u>115.3</u>	<u>111.3</u>	<u>105.8</u>	<u>97.4</u>	<u>59.4</u>	<u>51.0</u>	<u>46.4</u>
Financed by:										
Share capital	<u>122.5</u>	<u>32.2</u>	<u>32.2</u>	<u>32.2</u>	<u>32.2</u>	<u>32.2</u>	<u>32.2</u>	<u>11.0</u>	<u>11.0</u>	<u>11.0</u>
Reserves	<u>115.5</u>	<u>75.7</u>	<u>67.6</u>	<u>58.2</u>	<u>53.8</u>	<u>41.3</u>	<u>33.8</u>	<u>44.4</u>	<u>38.0</u>	<u>21.9</u>
Shareholders' funds	<u>238.0</u>	<u>107.9</u>	<u>99.8</u>	<u>90.4</u>	<u>86.0</u>	<u>73.5</u>	<u>66.0</u>	<u>55.4</u>	<u>49.0</u>	<u>32.9</u>
Minority interests	<u>0.1</u>	<u>0.1</u>	<u>0.3</u>	<u>0.2</u>	<u>0.4</u>	<u>1.6</u>	<u>1.8</u>	<u>-</u>	<u>-</u>	<u>0.1</u>
Loan stock	<u>6.5</u>	<u>6.5</u>	<u>3.5</u>	<u>6.5</u>	<u>6.5</u>	<u>9.6</u>	<u>10.2</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loans and other creditors	<u>33.2</u>	<u>12.7</u>	<u>6.4</u>	<u>17.8</u>	<u>16.6</u>	<u>14.0</u>	<u>11.9</u>	<u>-</u>	<u>1.0</u>	<u>2.0</u>
Deferred taxation	<u>0.4</u>	<u>-</u>	<u>-</u>	<u>0.4</u>	<u>1.8</u>	<u>7.1</u>	<u>7.5</u>	<u>4.0</u>	<u>1.0</u>	<u>11.4</u>
	<u>278.2</u>	<u>127.2</u>	<u>113.0</u>	<u>115.3</u>	<u>111.3</u>	<u>105.8</u>	<u>97.4</u>	<u>59.4</u>	<u>51.0</u>	<u>46.4</u>

NOTES

- 1 Dividends and earnings per ordinary share have been adjusted for capital issues.
- 2 The figures are stated in accordance with the accounting policies set out on page 37 except that no restatement prior to 1982 has been made for a change in accounting policy on related companies.

3 Retained profit in 1983 is stated before the adjustment of £2.4 million to deferred taxation arising from change in legislation.

4 Taxation for 1980 includes a credit of £10.3 million which has been excluded in computing the earnings per ordinary share for that year.

SUBSIDIARY COMPANIES

- AMEC Construction Services Limited
- * AMEC Holdings Inc., incorporated in the USA
- AMEC International Construction Limited, operating outside the UK
- AMEC Property and Overseas Investments Limited
- AMEC Projects Limited
- AMEC Properties Limited
- AMEC Regeneration Limited
- * Arden Computer Services Limited
- * Atlantic Services Limited, incorporated in Bermuda
- * AUST-AMEC Pty Limited, incorporated in Australia
- * Australian Minder Systems Pty Limited, incorporated in Australia
- * Barnard and Burk Group Inc., incorporated in the USA
- * Barnard and Burk Engineers and Constructors, Inc., incorporated in the USA
- CV Buchan (Concrete) Limited
- Denco Limited
- * Denco SA, incorporated in France
- * William Ellis (Etchingham) Limited
- Fairclough Building Limited
- Fairclough Civil Engineering Limited
- Fairclough Engineering Limited
- * Fairclough Homes Limited
- Fairclough International Construction Limited, operating outside the UK
- Fairclough-Parkinson Mining Limited
- Fairclough Scotland Limited, incorporated in Scotland
- * Fire Protection Industries Inc., incorporated in the USA
- * The Fisk Group Inc., incorporated in the USA
- * Franklin Hodge Industries Limited
- * The IDC Group Limited
- * IDC Limited
- * IDC Property Investments Limited
- * Inpark BV, incorporated in Holland
- Intek Floors Limited
- Matthew Hall PLC
- * Matthew Hall Engineering Limited
- * Matthew Hall Keynes Engineering BV, incorporated in Holland
- * Matthew Hall Mechanical & Electrical Engineers Limited
- * Matthew Hall Mechanical & Electrical Engineers (Pty) Limited, incorporated in Australia
- * Matthew Hall (Pty) Limited, incorporated in Australia
- Metal and Pipeline Endurance Limited
- * Nimrod Communications Limited

Press Construction Limited

Press (Humberside Fabricators) Limited

Press International Construction Limited, operating outside the UK

Press Offshore Limited

* Primat Recruitment Limited

James Scott Limited, incorporated in Scotland

James Scott (Electrical Transmission) Limited, incorporated in Scotland, operating outside the UK

* Stoneleigh Developments Limited

* Sunland Services, Inc., incorporated in the USA

* Travel Places (International) Limited

Robert Watson & Co. (Constructional Engineers) Limited

Robert Watson & Co. (Steelwork) Limited

* Worsham Sprinkler Co. Inc., incorporated in the USA

RELATED COMPANIES

- * Gulliver Consolidated Limited, incorporated in Zimbabwe (45%) (Note 4)
- Power Corporation Plc, incorporated in the Republic of Ireland (18.81% - ordinary shares) (Note 5)

NOTES

- 1 These companies together with their subsidiary and related companies are, in the opinion of the directors, those principally affecting group trading results and net assets.
- 2 Except where otherwise indicated, all of the companies are wholly owned, incorporated in England, operate principally in their countries of incorporation and their share capitals are in ordinary shares.
- 3 Shares are held directly by AMEC p.l.c. except where marked with an asterisk where they are held by subsidiary companies.
- 4 The issued share capital of Gulliver Consolidated Limited is 3,482,450 Zimbabwean dollars divided into 6,964,900 shares of 50 cents each.
- 5 The issued share capital of Power Corporation Plc is 60,147,479 ordinary shares of IR10p each, and 2,016,843 convertible, redeemable deferred shares of IR1p each.



Notice is hereby given that the seventh annual general meeting of AMEC plc will be held at the Holiday Inn Crowne Plaza Midland Hotel, Peter Street, Manchester, on Friday 9 June, 1989 at 12 noon for the following purposes:

1. As special business, to consider and, if thought fit, pass the following resolutions:

As an Ordinary Resolution (Resolution 1):

That the directors be generally and unconditionally authorised pursuant to and in accordance with Section 80 of the Companies Act 1985 to exercise for the period ending on the date of the next annual general meeting or on 9 September 1990, whichever is the earlier, all the powers of the company to allot relevant securities up to an aggregate nominal amount of £11,579,023, save that the company may before such expiry make offers or agreements which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offers or agreements as if the authority hereby conferred had not expired.

As a Special Resolution (Resolution 2):

(a) That pursuant to Section 95 of the Companies Act 1985, the directors be and they are hereby authorised and empowered to allot equity securities pursuant to and during the period of the authority conferred by Resolution 1 above as if Section 89 (1) of the Companies Act 1985 did not apply to the allotment. Provided that this power shall be limited:

(i) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders and convertible preference shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them and where the equity securities respectively attributable to the interests of the convertible preference shareholders are proportionate (as nearly as may be) to the number of ordinary shares into which the convertible preference shares held by such holders would be convertible if the conversion rights attached to such shares had been exercisable and exercised in full immediately prior to the record date for such rights issue; and

(ii) to the allotment (otherwise than pursuant to sub-paragraph (a)(i) of this resolution) up to an aggregate nominal value of £1,735,176.

(b) That, for the purpose of this section, the company may before such authority expires make offers or agreements which would or might require equity securities to be allotted after such authority expires and the directors may offer and allot equity securities pursuant to any such offers or agreements by the company (but not in excess of the limit imposed by sub-paragraph (a)(ii) of this Resolution).

As a Special Resolution (Resolution 3)

That the Articles of Association of the company be and, they are hereby amended by

1 The insertion in Article 4(T)(iii), after the words "sub paragraph (IV) below apply" of the words:

"or an offer to the holders of ordinary shares of ordinary shares to be issued by way of capitalisation of profits or reserves in lieu of cash dividends"

2 The deletion of Article 4 (F) (xi) and the substitution therefor of the following.

"(xi) The company shall not make any offer or invitation to the holders of ordinary shares or allot any shares in pursuance of a capitalisation issue during a Conversion Period or by reference to a record date during a Conversion Period, or following a Conversion Period by reference to a record date prior to such Conversion Period. Provided that the company shall be entitled at any time, and by reference to a record date whether occurring before, during or after a Conversion Period, to allot and issue shares by way of capitalisation of profits or reserves in lieu of making a cash dividend properly payable under this Article 4 and to make offers or invitations in respect thereof."

3 The addition of a new Article numbered 116 (C) as follows:

"With the prior approval of an Ordinary Resolution of the Company passed at any General Meeting the Directors may, in respect of any dividend proposed to be declared at that or any other General Meeting including the next following Annual General Meeting or in respect of any interim dividend to be paid by the Directors pursuant to Article 116(B) offer to Ordinary Shareholders the right to elect to receive in lieu of such dividend (or part thereof) an allotment of additional Ordinary Shares credited as fully paid. In any such case the following provisions shall apply:-

(a) in each year when a dividend or dividends become payable on any fully paid Ordinary Shares, the first 0.01p per share (or such greater

amount as the Directors in their discretion determine) of such dividend (or, if less, the amount of the dividend) shall not be subject to the said right of election but shall in any event be payable in cash;

(b) the basis of allotment shall be determined by the Directors so that, as nearly as may be considered convenient, the value (calculated by reference to the average quotation) of the additional Ordinary Shares to be allotted in lieu of any amount of dividend shall equal such amount. For such purposes the "average quotation" of an ordinary share shall be an average of the middle market quotation of the Ordinary Shares on The Stock Exchange, as derived from the Daily Official List, on each of the first five business days on which the Ordinary Shares are quoted "ex" the relevant dividend;

(c) if the Directors determine to allow such right of election on any occasion they shall give notice in writing to the Ordinary Shareholders of the right of election offered to them and shall issue forms of election and shall specify the procedure to be followed, and the place at which, and the latest date and time by which, duly completed forms of election must be lodged in order to be effective;

(d) the Directors may also issue forms under which Shareholders may elect to receive Ordinary Shares instead of cash both in respect of the relevant dividend and in respect of the future dividends not yet declared or resolved (and accordingly in respect of which the basis of allotment shall not have been determined);

(e) the dividend (other than any nominal cash dividend pursuant to paragraph (a) above) shall not be payable on Ordinary Shares in respect whereof the share election has been duly exercised ("the Elected Ordinary Shares"), and in lieu thereof additional shares (but not any fraction of a share) shall be allotted to the holders of the Elected Ordinary Shares on the basis of allotment determined as aforesaid. For such purpose the Directors shall capitalise, out of such of the sums standing to the credit of reserves (including any share premium account or capital redemption reserve) or profit and loss account as the Directors may determine a sum equal to the aggregate nominal amount of additional Ordinary Shares to be allotted on such basis and apply the same in paying up in full the appropriate number

of unissued Ordinary Shares for allotment and distribution to and amongst the holders of the Elected Ordinary Shares on such basis;

(f) the additional Ordinary Shares so allotted shall rank pari passu in all respects with the fully paid Ordinary Shares in issue on the record date for the relevant dividend save only as regards participation in the relevant dividend;

(g) no holder of Ordinary Shares may receive a fraction of a share. The Directors may make such provision as they think fit for any fractional entitlements including provisions whereby, in whole or in part, the benefit thereof accrues to the Company;

(h) the Directors may on any occasion determine that rights of election shall not be made available to any Ordinary Shareholders with registered addresses in any territory where in the absence of a registration statement or other special formalities circulation of an offer of rights of election would or might be unlawful, and in such event the provisions aforesaid shall be read and construed subject to such determination; and

(i) in relation to any particular proposed dividend the Directors may in their absolute discretion withdraw the offer previously made to Ordinary Shareholders to elect to receive additional Ordinary Shares in lieu of the cash dividends (or part thereof) at any time prior to the allotment of the additional Ordinary Shares."

This Article shall authorise the Directors to offer rights of election in respect of any dividend declared or proposed on or from the date of adoption of this Article to the end of the Annual General Meeting in 1990.

As an Ordinary Resolution (Resolution 4):

That the arrangement proposed to be entered into between Fairclough Homes Limited, a subsidiary of the company, and Mr CI Bateman described in the report of the directors, be and hereby is approved for the purpose of Section 320 of the Companies Act 1985.

As an Ordinary Resolution (Resolution 5):

That the AMEC Savings Related Share Option Scheme ("the Scheme") be and hereby is amended by the deletion of the existing definition of "Subscription Price" defined in Rule 1(i) of the Scheme and the substitution therefor of the following:-

"the price for the subscription for a Share comprised in any Option which shall be determined by the Directors and shall be not less than the higher of:

- (a) the nominal value of a Share; and
- (b) subject to the provisions of Rule 6, an amount equal to 80 per cent (or, if higher, the percentage stated in paragraph 25(b) of Schedule 9 to the Act) of the middle market quotation of a Share on the dealing day last preceding the relevant Date of Invitation as derived from The Stock Exchange Daily Official List;"

or such other form as may be required by the Commissioners of Inland Revenue.

2 To consider the accounts and the reports of the directors and the auditors for the year ended 31 December 1988 and to declare a final dividend on the ordinary shares (Resolution 6).

3 To re-elect directors (Resolutions 7 to 11).

4 To re-appoint the auditors (Resolution 12)

By order of the board
MJ Bardsley
Secretary

15 May 1989

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not also be a member. Copies of the annual report and accounts are sent to loan stockholders and loan note holders for information only. Loan stockholders and loan note holders are not entitled to attend or vote at the annual general meeting.

There will be available for inspection at the registered office of the company during business hours on any weekday (excluding Saturdays and public holidays) from the date of this notice until the date of the annual general meeting and at the Holiday Inn Crowne Plaza Midland Hotel, Peter Street, Manchester, from 11.45am on 9 June 1989 until the conclusion of the meeting, copies of all service contracts of the directors with the company or any of its subsidiaries not expiring or terminable within one year without payment of compensation and a copy of the rules of the AMEC Savings Related Share Option Scheme in the proposed amended form.

