

AGRA European Holdings Limited

Directors' report and accounts

31 December 2003

Registered number 3571109



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COMPANIES HOUSE

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0023
28/06/04

AGRA European Holdings Limited

Directors

AMEC Nominees Limited
P J Holland

Secretary

C Fellowes

Registered Office

Sandiway House
Hartford
Northwich
Cheshire
CW8 2YA

Auditors

KPMG Audit Plc
Chartered Accountants
St James' Square
Manchester
M2 6DS

AGRA European Holdings Limited

Directors' report

Business review

The company did not trade during the year

Directors and directors' interests

The current directors are listed on page 1.

The directors who served during the year were as follows:

AMEC Nominees Limited

P J Holland

The number of options in the ordinary share capital of AMEC plc, the ultimate parent company, held by directors under the Executive and Savings Related Share Option Schemes were as follows:

	As at 1 January 2003	Granted during the year	As at 31 December 2003	Option price (pence)
P J Holland	*842	-	842	230.00
P J Holland	13,651	-	13,651	219.75
P J Holland	40,849	-	40,849	219.75
P J Holland	-	30,000	30,000	276.25

* *savings related scheme*

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

The first share awards, as determined by the remuneration committee, were made under the PSP on 15 April 2003 at a market price of 228.25 pence.

The awards made under the Plan in April 2000 failed to meet the relevant performance criteria and, therefore, the awards lapsed in April 2003.

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

	As at 1 January 2003	Awarded 15 April 2003	Lapsed 3 April 2003	As at 31 December 2003
P J Holland	69,733	36,008	36,553	69,188

AGRA European Holdings Limited

Notes:

- i) The award of restricted shares will vest only if pre-determined performance conditions are met. These performance conditions, which are measured over three years, require the total return to ordinary shareholders (share price growth plus re-invested dividends) to be ranked in the top quartile of a group of engineering, construction and building material comparator companies for an award to vest in full. If the company's performance is at the median, 25% of the award will vest. Between those two levels, the award will vest on a sliding scale. No awards will vest if the company's performance is below the median at the end of the measured period.
- ii) The total value of awards cannot exceed 75% of a participant's base annual salary in any year.
- iii) Participants in the long-term incentive plan will not receive further grants of options under the Executive Share Option Scheme.

The closing price of the ordinary shares at 31 December 2003 was 260.00 pence (2002: 143.25 pence).

The range of the closing prices for the shares during the year was 143.25 pence to 289.00 pence.

The register of directors' interests, which is open to inspection at the company's registered office, contains full details of directors' shareholdings, share options and awards under the long-term incentive plan.

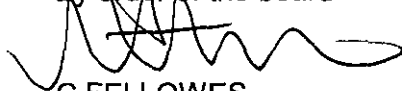
Ordinary shares in AMEC plc held by directors were as follows:

	As at 1 January 2003	As at 31 December 2003
P J Holland	11,438	11,438

Auditors

Pursuant to Section 386 of the Companies Act 1985, the company is not required to re-appoint its auditors annually. KPMG Audit Plc will therefore continue as the company's auditors.

By order of the board


C FELLOWES
Secretary

AMEC plc
Sandiway House
Hartford
Northwich
Cheshire
CW8 2YA

AGRA European Holdings Limited

Balance sheet as at 31 December 2003

	Note	2003 £000	2002 £000
FIXED ASSETS			
Investments	2	-	-
CREDITORS: Amounts falling due after more than one year			
	3	(3,000)	(3,000)
		<u>(3,000)</u>	<u>(3,000)</u>
CAPITAL AND RESERVES			
Called up share capital	4	7,500	7,500
Profit and loss account		(10,500)	(10,500)
Shareholders' funds		<u>(3,000)</u>	<u>(3,000)</u>
Equity shareholders' funds		(9,500)	(9,500)
Non-equity shareholders' funds		6,500	6,500
		<u>(3,000)</u>	<u>(3,000)</u>

These accounts were approved by the board of directors on
and signed on its behalf by:



AMEC NOMINEES LIMITED
DIRECTOR

17/06/04

The notes on pages 5 and 6 form part of these accounts.

AGRA European Holdings Limited

Notes to the accounts

1 ACCOUNTING POLICIES

Basis of the preparation of the accounts

The directors have taken advantage of the exemption in FRS8, paragraph 3(c) and have not disclosed any related party transactions with parent and fellow subsidiary undertakings.

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Going concern

The accounts have been prepared on the going concern basis on the grounds that AMEC Finance Limited has confirmed to the directors that its present intention is to provide financial support to enable the company to continue its operations and to meet its financial obligations.

Group accounts

Group accounts have not been prepared since the company is a wholly owned subsidiary undertaking of AMEC plc which has itself prepared group accounts.

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard No. 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of AMEC plc, and its cash flows are included within the consolidated cash flows of that group.

2 INVESTMENTS

The company owns the entire issued share capital of AMEC Birwelco Limited a company incorporated in Great Britain.

Cost:

	£000
At 1 January and 31 December 2003	<u>10,500</u>

Provision:

At 1 January and 31 December 2003	<u>10,500</u>
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AMEC Birwelco Limited undertakes work in the project management, engineering design, construction and commissioning of process plant and equipment for the chemical, oil, pharmaceutical and waste processing industries.

AGRA European Holdings Limited

Notes to the accounts (*continued*)

3 CREDITORS: amounts falling due after more than one year

	2003 £000	2002 £000
Amounts owed to group undertakings	<u>3,000</u>	<u>3,000</u>

4 SHARE CAPITAL

	2003 Number	Authorised 2002 Number	Allotted called up and fully paid 2003 £000	2002 £000
Ordinary shares of £1 each	1,000,000	1,000,000	1,000	1,000
Redeemable preference shares of £1 each	6,500,000	6,500,000	<u>6,500</u>	<u>6,500</u>
			<u>7,500</u>	<u>7,500</u>

5 ULTIMATE PARENT COMPANY

The company regarded by the directors as the ultimate parent company is AMEC plc, which is incorporated in England. Copies of the group accounts can be obtained from AMEC plc, Sandiway House, Hartford, Northwich, Cheshire, CW8 2YA.

AGRA European Holdings Limited

Statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

AGRA European Holdings Limited

Independent auditor's report to the members of AGRA European Holdings Limited

We have audited the accounts on pages 4 to 6.

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

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 7, the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
KPMG Audit Plc
Chartered Accountants
Registered Auditor

18 June 2004