HUNTING PLC

1995

ANNUAL REPORT AND ACCOUNTS

Hunting PLC is an industrial holding company operating internationally through three Divisions;

Aviation, Defence and Oil.

Its primary objective is to maximise shareholder value by focusing on those activities where it believes its skills and resources can achieve the greatest benefit.

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HUNTING PLC REPORT AND ACCOUNTS

1995

Turnover	**£ 1,128 million**
Profit before tax	**£ 31.1 million**
Basic earnings per ordinary share	**12.1p**
Total ordinary dividend	**10p per share**
Shareholders' funds	**£ 138 million**

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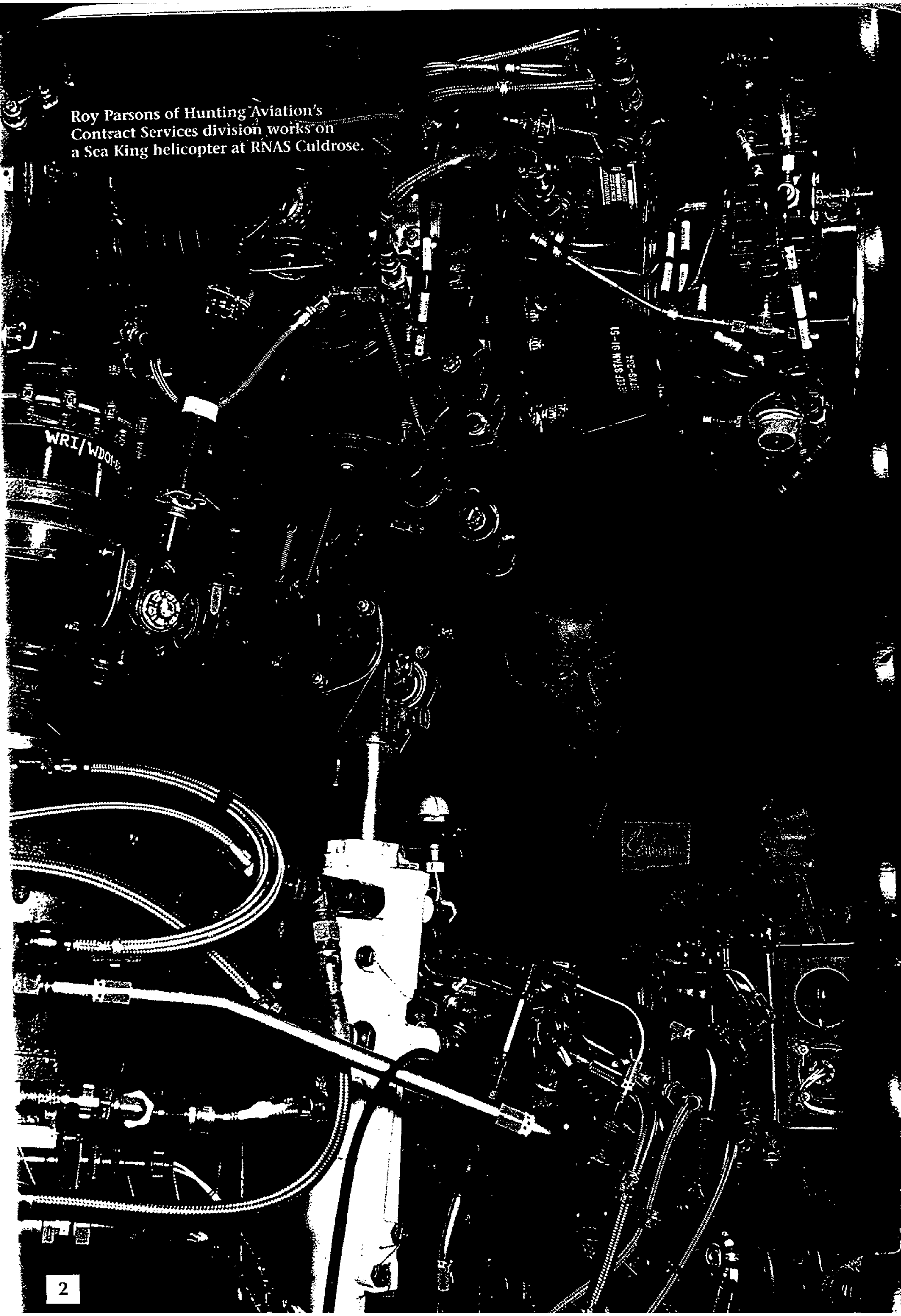

Roy Parsons of Hunting Aviation's Contract Services division works on a Sea King helicopter at RNAS Culdrose.

HUNTING PLC

Directors and Professional Advisors

Directors

R. H. Hunting
Chairman

K. W. Miller
Chief Executive

D. L. Clark
Finance Director

T. L. Grievson CBE

G. H. Williams

A. R. Fryer
Non-Executive

L. C. Hunting
Non-Executive

D. G. S. Waterstone CBE
Non-Executive
(appointed 12 April 1995)

R. E. Treacher
Non-Executive
(retired 12 April 1995)

Secretary

D. L. Clark FCCA

Professional Advisors

Solicitors

McKenna & Co

Auditors

Price Waterhouse

Merchant Bankers

J. Henry Schroder & Co Limited

Brokers

de Zoete & Bevan Limited

Insurance Brokers

Willis Corroon Group plc

Pension Advisors and Actuary

Lane Clark & Peacock

Registrars

Lloyds Bank Plc

Registered Office

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Registered Number 974568

(Registered in England and Wales)

CHAIRMAN'S STATEMENT

I am pleased to report an increase in profit before taxation to £31.1 million from £28.5 million achieved in 1994. The underlying progress made in our half year's results has been maintained in the second half of the year and looks set to continue into 1996.

The proposed final dividend for 1995 is 6p per share, giving a total of 10p per share, the same as that paid in respect of 1994.

In the Aviation Division, a further improvement in both internal efficiencies and the markets in which we operate, gives cause for some optimism that the worst is now behind us and that this Division is well placed to achieve good profits growth in the years ahead. In particular, we are encouraged by the healthy order book within the Airline Interiors division although here we have written off cost overruns on the start–up expenditure on the Dash–8 interiors project and also within Contract Services division, where significant additional contracts have been obtained.

The Defence Division had a satisfactory year with an excellent second half's contribution from the management contract of the Atomic Weapons Establishment (AWE). We are part of the successful Westland Consortium which, with the Apache, is providing the British Army's attack helicopter requirement and we have bid on two major Royal Air Force contracts, with decisions anticipated in the second half of this year.

The Oil Division had a good year with excellent performances from Gibson Petroleum and also Hunting Oilfield Services, where acquisitions made over the past two years assisted the company in achieving record profits. Prospects continue to be encouraging.

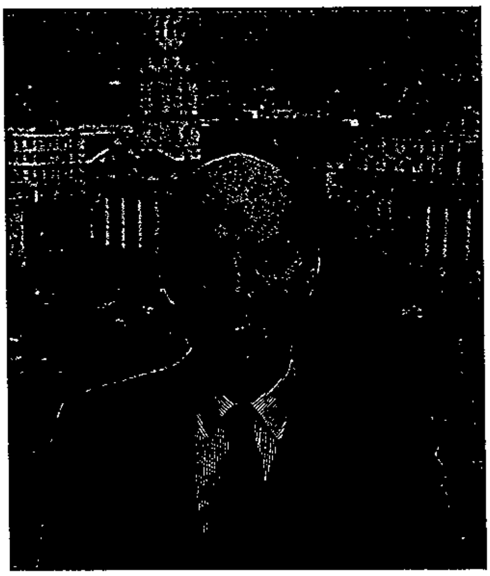
The world is becoming ever more competitive and achieving an acceptable performance requires constant change and improvement by companies like ourselves. I believe we are well placed to continue our improved performance in 1996.

In common with many other listed companies, we believe that share options continue to offer appropriate incentives for senior executives whose performance is critical to the future of Hunting PLC. A new Share Incentive Plan will be proposed at the Annual General Meeting.

Clive Hunting, who has been a non-executive director of the Company for the past six years following many years as Chairman, retires at the AGM in May. I would like to thank him for almost fifty years of service to the Group and wish him well in his retirement.

Contending with constant change places considerable demands on our employees and I would like to thank them for their efforts and help in achieving the Group's improved performance and prospects.

R. H. Hunting *Chairman*



R. H. Hunting

CHIEF EXECUTIVE'S REVIEW

Introduction

I believe 1995 to have been the year in which we commenced our profits recovery and there are some encouraging signs which reinforce my belief we can maintain this progress.

Operating profit increased in 1995 to £38.1 million from £33.2 million achieved in 1994 with all three Divisions improving their performance.

It is most disappointing that we have had to provide £2 million to cover an amount owing to us by Fokker for the supply of a VIP aircraft interior.

Changes continue within the Aviation Division. Most parts of the Division benefited from some degree of market recovery. The strategy of restructuring, cost-cutting and improving business focus is starting to work, with several of the key businesses becoming more competitive as a result. The loss-making Business Aviation joint venture with BP was sold during the year. The market for Cargo Airlines remains strong and we have increased our fleet of Boeing 727-200 freighters to six. Contract Services won a number of significant contracts in 1995 which should add to the bottom line in the current year and Airline Interiors has a good order book for the range of turbo-prop aircraft whose market it serves. In particular, the costly ramp-up phase of the major Dash-8 project, which has been against extremely tight deadlines, should come to an end in the Spring of 1996 when production deliveries of interiors for the aircraft commence. This has been a challenging programme so far which has stretched our resources, although we are confident the project will provide a good future contribution.

The Defence Division continues to perform to plan with incentive pricing at Hunting BRAE increasing profitability strongly in the second half of the year. The completion of the Multiple-Launch Rocket System Phase II production contract in the early months of 1996 will be partly replaced by work on the Apache helicopter. We await the results of our bids to the UK Ministry of Defence (MoD) on Staff Requirement (Air) 1236, a conventionally armed stand off missile and for SR(A) 1238, a new air delivered anti-armour weapon and we continue our involvement in significant communications projects such as Bowman and VICDS.

The Oil Division's future is predominantly centred around Gibson Petroleum in Canada and the worldwide business of Hunting Oilfield Services. Both of these operations enjoyed a good year and we are constantly reviewing plans for their further development.

Gearing at 50% shows a reduction on the previous year and I believe our Balance Sheet will continue to allow us to undertake our immediate plans, notwithstanding the slower achievement of disposals than, ideally, we would have preferred.

I will now turn to the three Divisions in more detail and review the progress achieved during the year.

K. W. Miller

AVIATION

Summary

Turnover increased from £159 million to £190 million with operating profits increasing from £1.8 million to £2.3 million.

United Kingdom
Hunting Aviation

Contract Services division

Defence and Civil Contracts continues to perform well, both in terms of on-going business and in winning new orders. Contracts won during the year include engineering support for the Hawks of the RAF's 100 Squadron and the FRADU (Fleet Requirement Air Direction Unit) contract, operating Hawk aircraft as part of the RN's training programme. Early in 1996, the company was awarded the contract to provide a maintenance service for RAF and RN flight simulators and synthetic trainers. In addition, the Joint Elementary Flying Training School is to be expanded considerably during 1996 into a tri-service operation. Under the MoD's revitalised "Competing for Quality" initiative, a series of major bids is under preparation, often under teaming arrangements, such as our proposal to run the Defence Helicopter Flying School in conjunction with Bond Helicopters.

During the year, along with our teaming partners Lockheed-Martin and GEC-Marconi, we submitted our proposal to the MoD for the Orion 2000 to be selected as the UK's Replacement Maritime Patrol Aircraft.

Technical Support, the business which supplies temporary skilled workers, had an excellent year, building its presence in continental Europe and breaking into the telecoms market. 1996 has got off to an exceptional start and prospects remain favourable as the use of temporary workers becomes increasingly commonplace.

Aerofilms had an indifferent year, affected by poor weather conditions for aerial photography and quiet demand from the property industry.

The Airport Systems business, a start-up operation which was thought to offer good prospects, had a very difficult year. A number of contracts stretched its capabilities to the limit and as a consequence, a decision has been made to restrict expansion in the current year.

Business Aviation division

In November, the company's 50% shareholding in Hunting Business Aviation was sold to Harrods Holdings. Simultaneously, the leasehold interest in the Executive Jet Centre at Heathrow was sold and overall, these transactions realised a profit of £1.7 million.

The Corporate Completions Centre at Biggin Hill had an improved volume of work although it has been hit by the Fokker debt provision. This contract for the supply of a VIP interior was entered into in March 1995 and was due for payment in the week in which Fokker appointed an Administrator. As any question of recovery is unclear, we have made full provision against this indebtedness. This activity has now been transferred to the Aircraft Engineering division.

Aircraft Engineering division

The Airmotive business, essentially the repair and overhaul of aero engines, has recovered well, making big productivity gains which allowed it to take full advantage of improving market conditions, particularly in its key Conway and T56 engine markets, where immediate prospects remain strong. The productivity gains came from a sustained effort to improve the business processes, which also served to make the business more customer-focused. This initiative is well established and should yield on-going benefits. We successfully retained our important T56 contract with the Belgian Air Force. A new test cell was opened to support the Conway programme and is already attracting additional work.

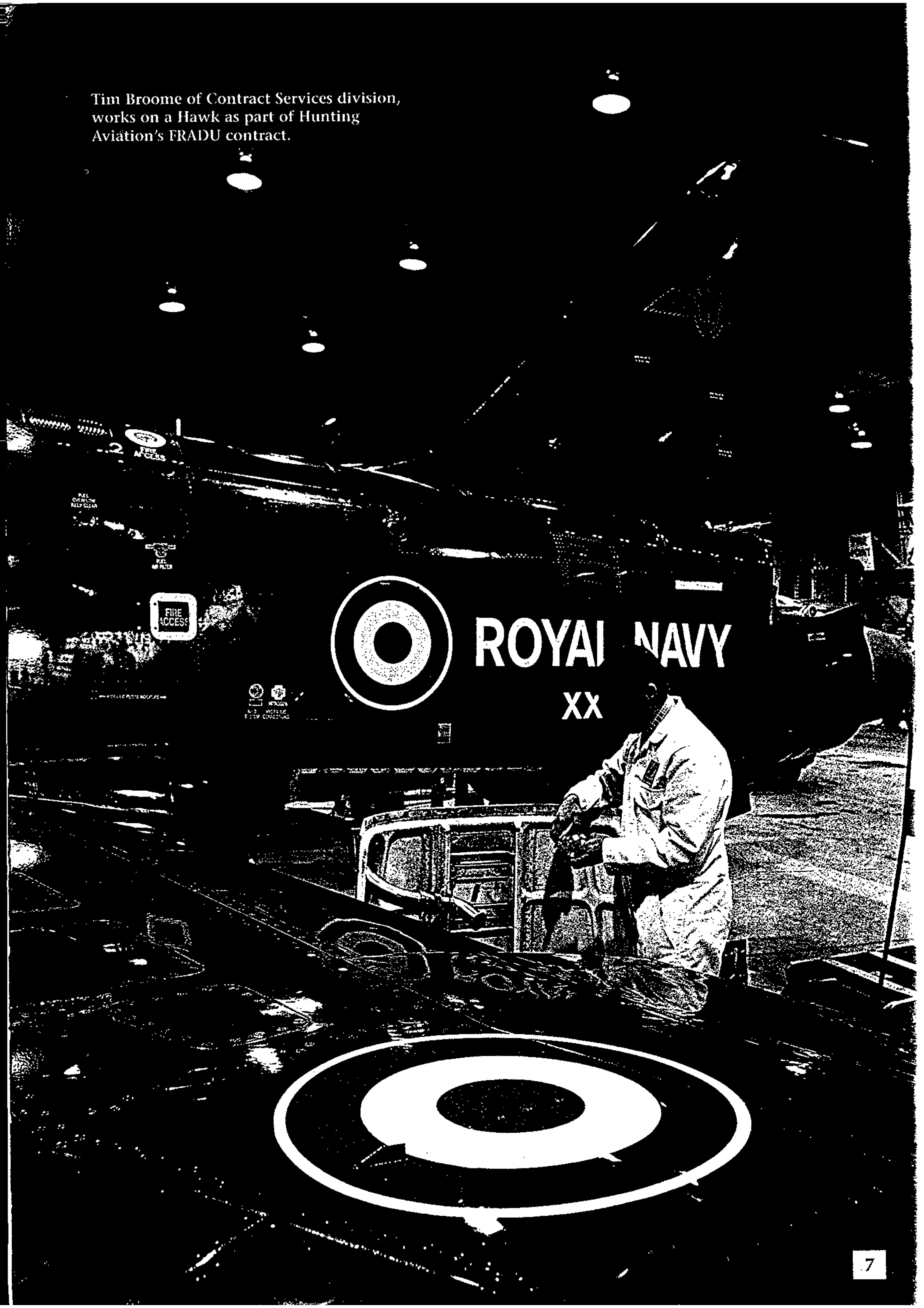
The Avionics and Accessories business turned in a remarkably strong performance, with all three areas of the business, repair and overhaul, component management and O.E.M sales, contributing strongly.

The East Midlands based Airframe business had a good first half year but a very disappointing second half with insufficient work to recover the overheads. With the market continuing to suffer from over-capacity, we are taking appropriate steps to improve our competitiveness. During the year, the business opened a new paint shop to meet tighter environmental and health and safety regulations.

Cargo Airlines division

In line with the growth in the market, we have added five more hush-kitted Boeing 727 jet

Tim Broome of Contract Services division, works on a Hawk as part of Hunting Aviation's FRADU contract.



Mick Williams of Hunting Aviation's Aircraft Engineering division, prepares the airbrake of a BAe 146 regional jet for inspection at the company's East Midlands Airport facility.

Captain Sandy Dobbie of Hunting Cargo Airlines, prepares his Boeing 727 freighter for take off after a night turn round at Dublin.

AVIATION

freighter aircraft to our fleet, for use in carrying freight and packages on overnight services within Europe. A further three of these aircraft are operated on behalf of a customer. Operational difficulties with our fleet of Electra aircraft were greater than expected but we believe these problems have, in the main, been overcome. The sole surviving Merchantman aircraft will be retired this year.

The division started to build up its ground-based ancillary services during the year, which generated a significant contribution. Additionally, early in 1996 in partnership with Safair of South Africa, Hunting Cargo Airlines won a contract to operate an L-100 Hercules aircraft on behalf of Oil Spill Response Limited, an organisation owned by the major oil companies and which provides a response to oil spills on a worldwide basis.

The extremely fast growth rate which the business has experienced has not been without its operational problems and as a result, financial performance, although much better than 1994, fell short of expectations. A period of consolidation is planned for 1996.

Airline Interiors division

This division had a very busy year, reflecting a record number of Jetstream 41 deliveries as well as intense efforts to bring the Dash-8 programme into production. This division also mounted a major business improvement programme to shorten lead times, reduce unit costs and to improve customer service. This programme has started to yield benefits and more are expected, which is essential in view of market price pressures.

During the year, thirty eight Jetstream 41 kits were delivered, with the Saab 340 programme also recovering strongly. The delivery of our thousandth aircraft interior marked a particular milestone.

1995 witnessed a major design programme and trial installation, including active noise and vibration control, on the Dash-8 programme for de Havilland, part of Bombardier Inc in Canada. This major contract has not been without its difficulties, largely due to exceptionally demanding timescales. Production deliveries should build up rapidly during 1996, particularly as a result of de Havilland's successful Dash-8 sales programme during 1995. Certain of the initial costs on this contract were higher than expected and have been written off against the 1995 results.

The In-Flight Systems business had a highly successful year, delivering personal video systems to British Airways and United Airlines, whilst maintaining its dominance in supplying in-flight entertainment systems for large VIP aircraft. A new integrated cabin management system is now almost developed for the corporate aircraft market.

Far East

Hunting Aviation (Singapore) had a disappointing year. The company's warehouse operation was closed and the remaining operation considerably slimmed down to focus solely on representing US and UK manufacturers in the region.

South Africa

The South African subsidiary had a very difficult year with a low level of business resulting in significant restructuring. We experienced a lower level of work from the South African Air Force and endeavours to expand in the civil sector have been slower to produce results than anticipated. This activity has now been consolidated with the Zimbabwe operations and an improved performance is anticipated in 1996.

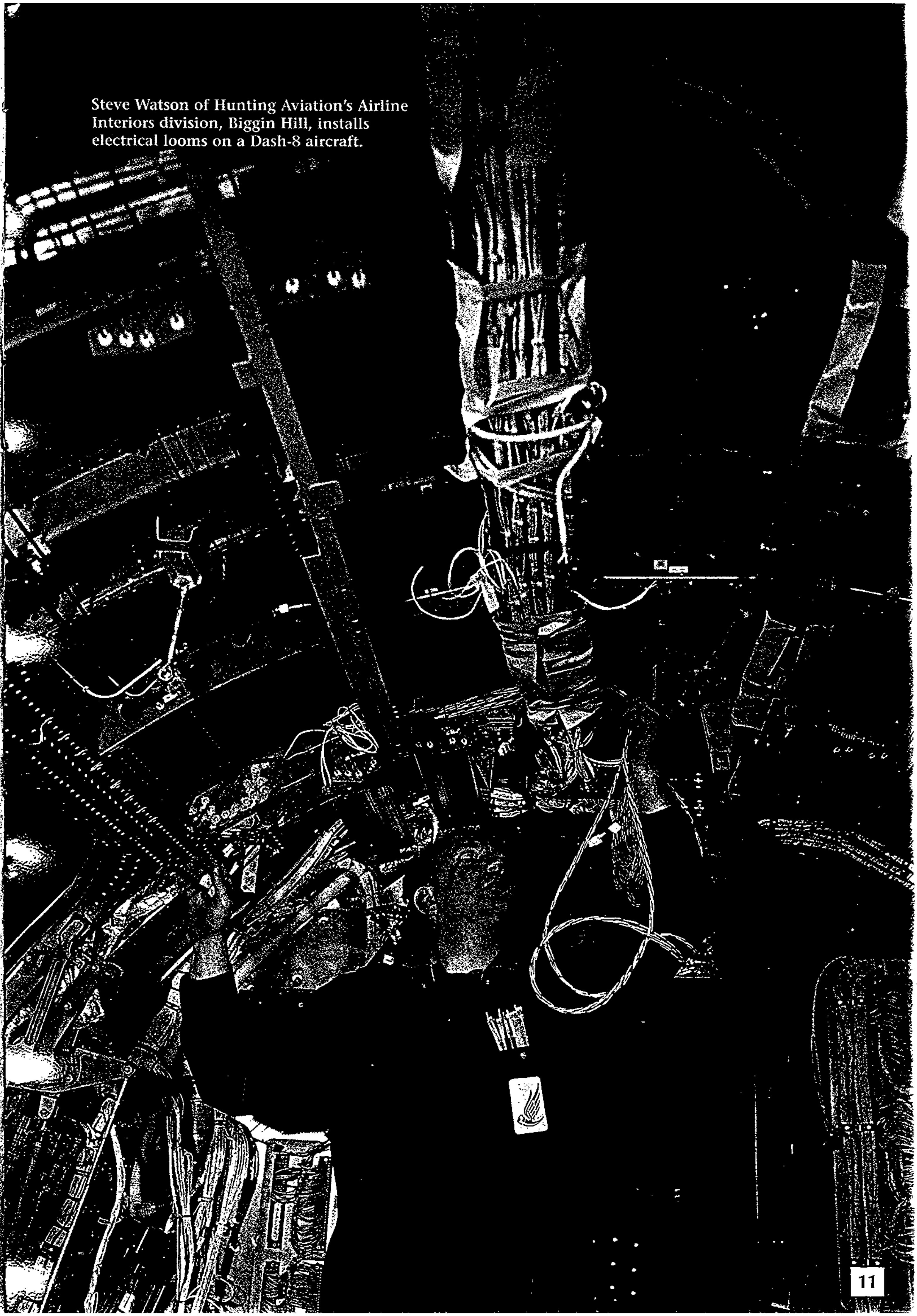
Zimbabwe

The depressed national economy, caused in part by the continuing drought, led to difficult operating conditions. International competition in the light gas turbine overhaul market forced margins down and overall, results were below last year's excellent level. However, recent widespread rains have lifted the economic gloom and 1996 promises to be an improved year.

Canada

The further restructuring planned by Field Aviation was completed by mid-year. This included the long-term lease to a major regional carrier of surplus facilities in Calgary and the relocation of the company's head office in Toronto.

The resulting cost savings, coupled with increased activity in several key areas, strong product support sales and an increasing demand in the latter part of the year for maintenance and modification services, enabled the company to meet its overall objectives for the year.



Steve Watson of Hunting Aviation's Airline Interiors division, Biggin Hill, installs electrical looms on a Dash-8 aircraft.

DEFENCE

Summary

While turnover for the year at £424 million was lower than 1994's £450 million, mainly due to slightly lower revenues at Hunting-BRAE which manages AWE, operating profits increased from last year's £15.2 million to £16.8 million with significant improvements from Hunting-BRAE which benefited from the new incentive pricing arrangements for part of the year. Irvin Aerospace performed well in Italy and the UK but trading conditions in the North American companies were more difficult.

Halmatic, the commercial boatbuilding company which transferred to the Defence Division on 1 January 1995, had another difficult year, although the order book markedly improved in the second half of the year, which bodes well for 1996. Hunting Engineering returned another sound performance with improved profits on slightly lower sales.

The Division's order book of £125 million, excluding AWE, provides a good base load of work for 1996.

Hunting-BRAE

Considerable progress has been made at AWE in agreeing incentive pricing contracts and by the end of 1995, around 70% of the Establishment's work was being done under this arrangement. This has resulted in improving profitability from the contract as Hunting- BRAE and MoD share the significant savings which are being achieved.

Various cost reduction programmes and initiatives have continued throughout the year including further tranches of voluntary redundancy and substantial rationalisation of facilities. These measures, whilst tending to reduce turnover on the contract, also make headroom for the additional expenditure necessary to support infrastructure upgrade work and continued safety improvements.

Good progress continues to be made in further improvements to safety management systems, physical safety and towards best industry practice. It has been agreed that AWE will be licensed by the Health and Safety Executive under the requirements of the Nuclear Installations Act by the end of 1997 and the company is confident that this important milestone will be achieved. The MoD continues to fully support these measures and fund them under the contract.

Production of warheads for the Trident system has proceeded well throughout the year and MoD formally congratulated Hunting-BRAE for achieving timely delivery of warheads for the second Trident submarine. Following an announcement by the Secretary of State that there will be no successor to the Royal Air Force's nuclear weapon, the WE177, the process of withdrawing and dismantling the warheads has commenced. A similar decommissioning programme is planned for Chevaline warheads as they are replaced by Trident.

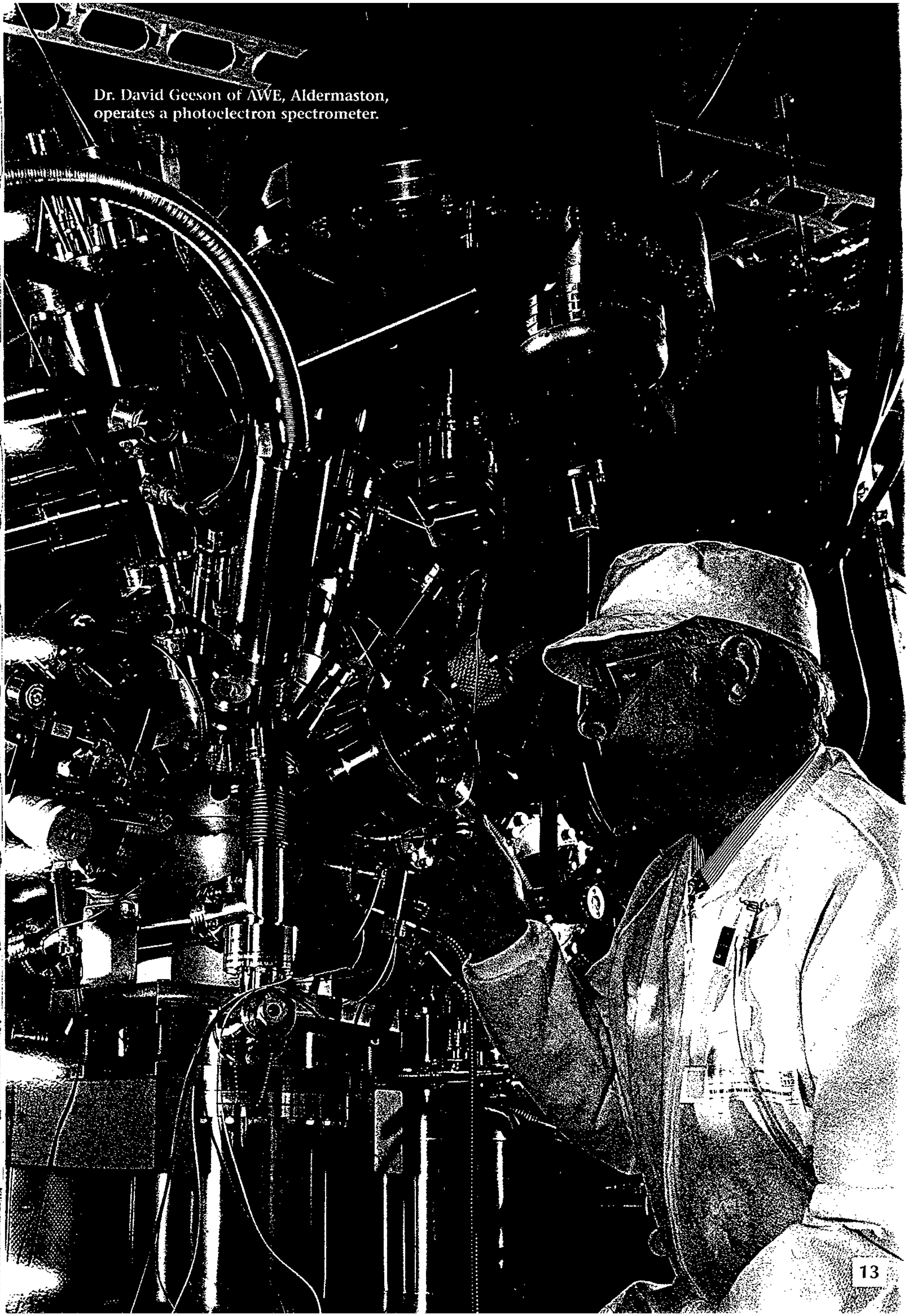
Rationalisation of facilities and the infrastructure continues apace with the closure of AWE Cardiff and withdrawal from AWE Foulness on programme for 1997. Essential elements of their work are being transferred to Aldermaston. At Aldermaston, the rationalisation programmes accelerated during the year with the closure and demolition of redundant buildings, complemented by completion of a number of modern facilities.

Hunting Engineering

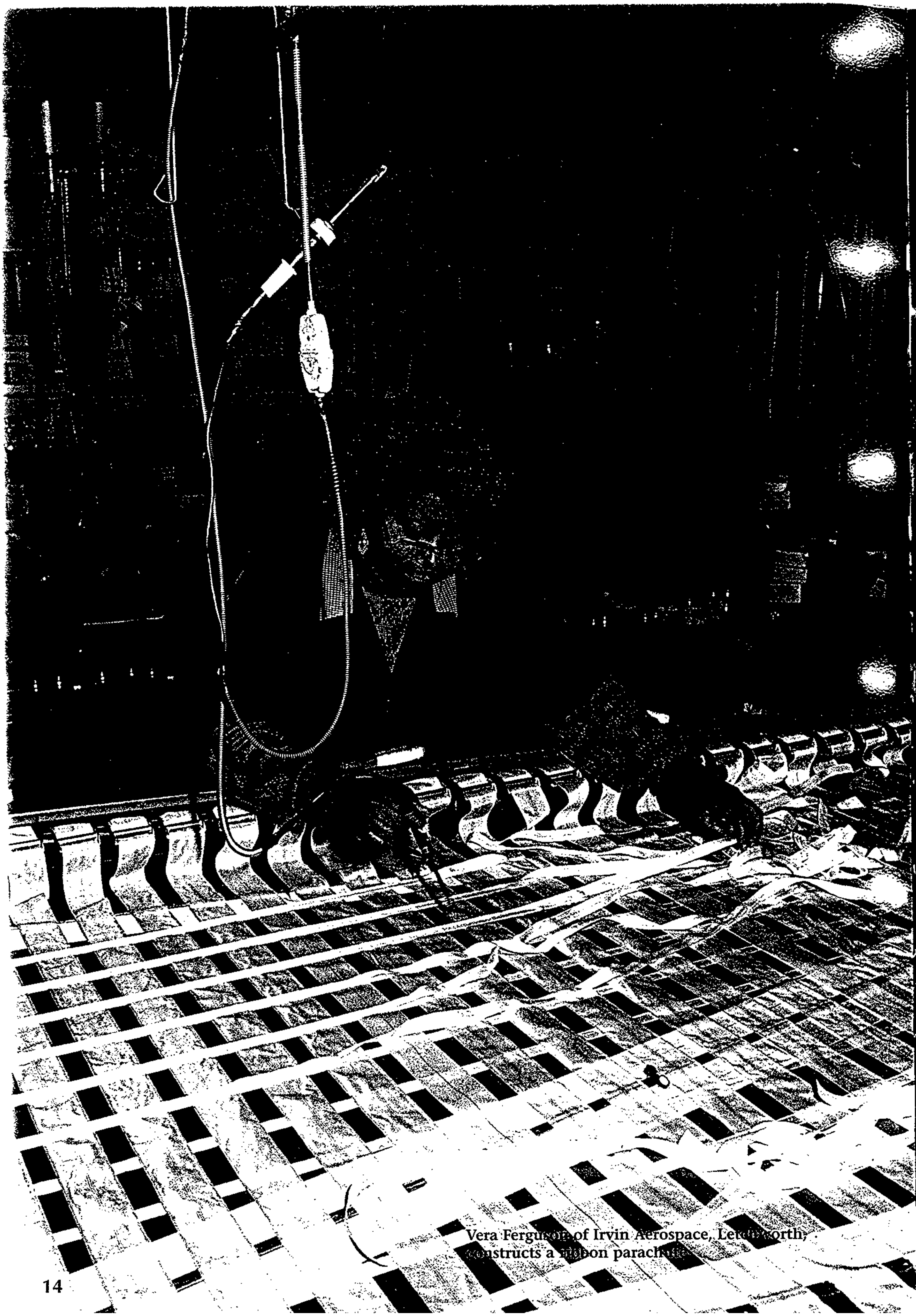
Production of the Multiple-Launch Rocket System Phase II continued satisfactorily throughout the year. The contract for the UK and German Governments is scheduled for completion in early 1996, but a modestly sized export order has just been signed and two further countries are showing strong interest in purchasing before production lines close.

A number of development contracts were won during the year, including modification to the BL755 anti-armour bomb to improve significantly accuracy from high level release and enhancements to the performance of bomb retarder tails. In addition, valuable contracts were gained from the US Government for continuation of the company's scientific research into new anti-tank warheads. Further orders were received for production of bomb retarder tails for MoD and an export customer that will extend this line of business throughout 1996.

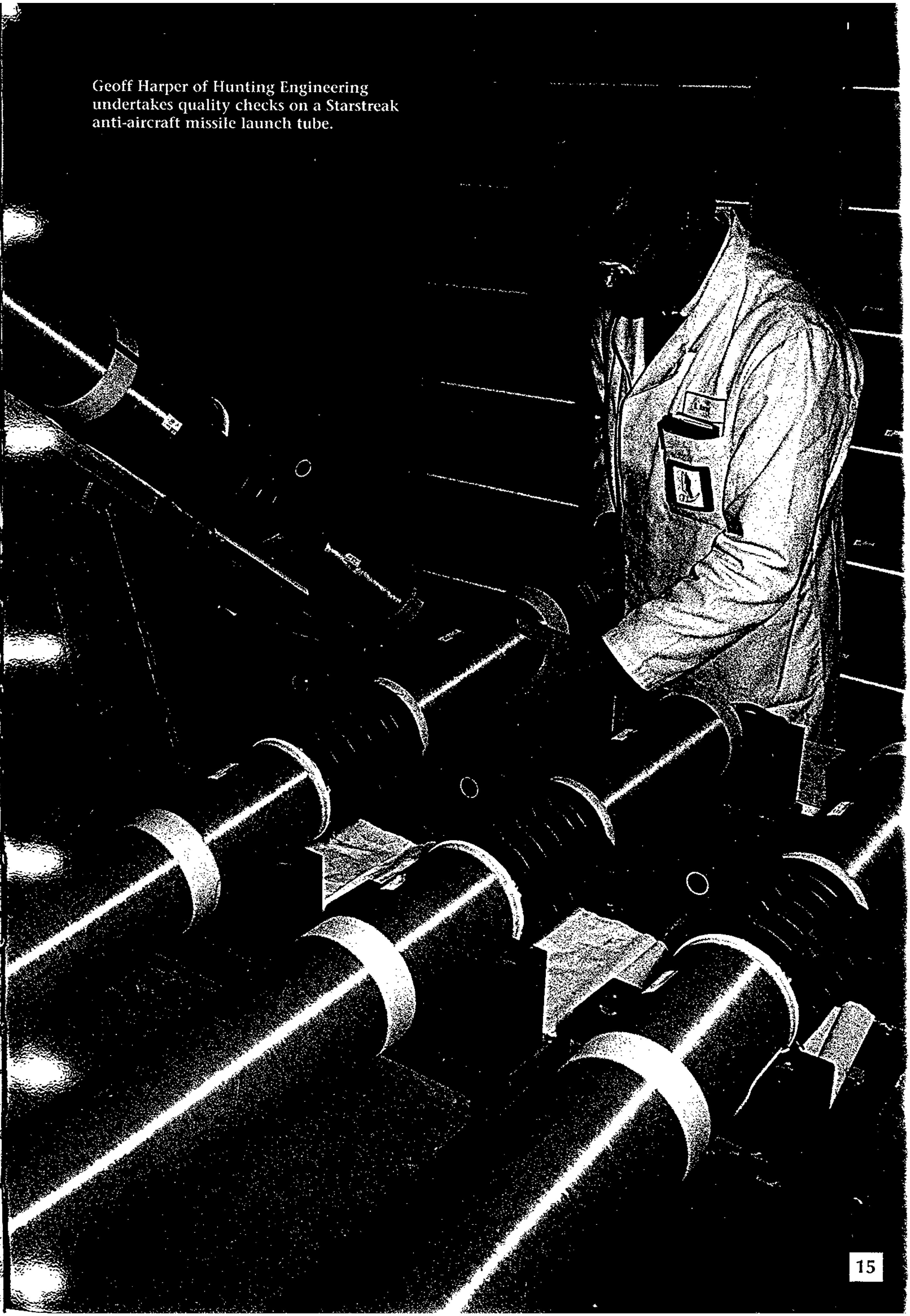
Hunting Engineering is a strong contender in both of the present MoD competitions for new air-to-ground weapons for the RAF. Staff Requirement (Air)1238 is for a new air-launched anti-tank weapon. Hunting's SWAARM 2000 system takes advantage of mature technology from Deutsche Aerospace of Germany and Aerojet/Alliant Techsystems of the USA to offer a cost effective high performance, low risk solution. This competition is scheduled for decision in the middle of 1996.



Dr. David Geeson of AWE, Aldermaston, operates a photoelectron spectrometer.



Vera Ferguson of Irvin Aerospace, Letchworth, constructs a ribbon parachute.



Geoff Harper of Hunting Engineering undertakes quality checks on a Starstreak anti-aircraft missile launch tube.

DEFENCE

Staff Requirement (Air) 1236 is for a conventionally armed stand-off missile and the company is teamed with McDonnell Douglas to offer GRAND SLAM which is well placed in this important competition, which is also due to be decided later in 1996.

The company's active support of Westland Helicopters Ltd during 1995 will pay dividends in 1996 and beyond. Hunting Engineering's role in the Apache team is for weapons procurement, clearance and certification; contracts worth around £300 million are currently being negotiated.

Although the Communications division won a number of development and production contracts during the year, its main focus of attention was on winning the VICDS and BOWMAN programmes. Competitions for these substantial inter-linked communications programmes are under way and the company is well placed to win a significant amount of business over the coming years. The VICDS risk reduction contract was largely completed during the year and it is hoped that this competition will be decided in 1996.

Good progress was made on BOWMAN where the company is a major partner in the ITT team to supply British forces with a modern integrated mobile communication system. This competition is scheduled for decision in 1997.

Irvin

The UK company achieved another solid performance with continuing production of the new Low Level Parachute for the UK land forces and operation of the Airborne Forces Parachute Support Unit. Production of naval decoys for the USA featured in 1995 together with development of a new version for the UK. Successful flight operation of brake parachutes for Eurofighter 2000 was achieved and production of parachute fabrics for Hunting Engineering's bomb retarder tails commenced.

In the USA, it was decided to move the major part of the business from California to North Carolina to be closer to the main customer and supplier base. A shortage of work during the early part of the year caused difficult trading conditions but the order book improved markedly in the second half, with substantial contracts for troop 'chutes, reserve 'chutes and supplies-dropping parachutes. Much of this work flows through to 1996.

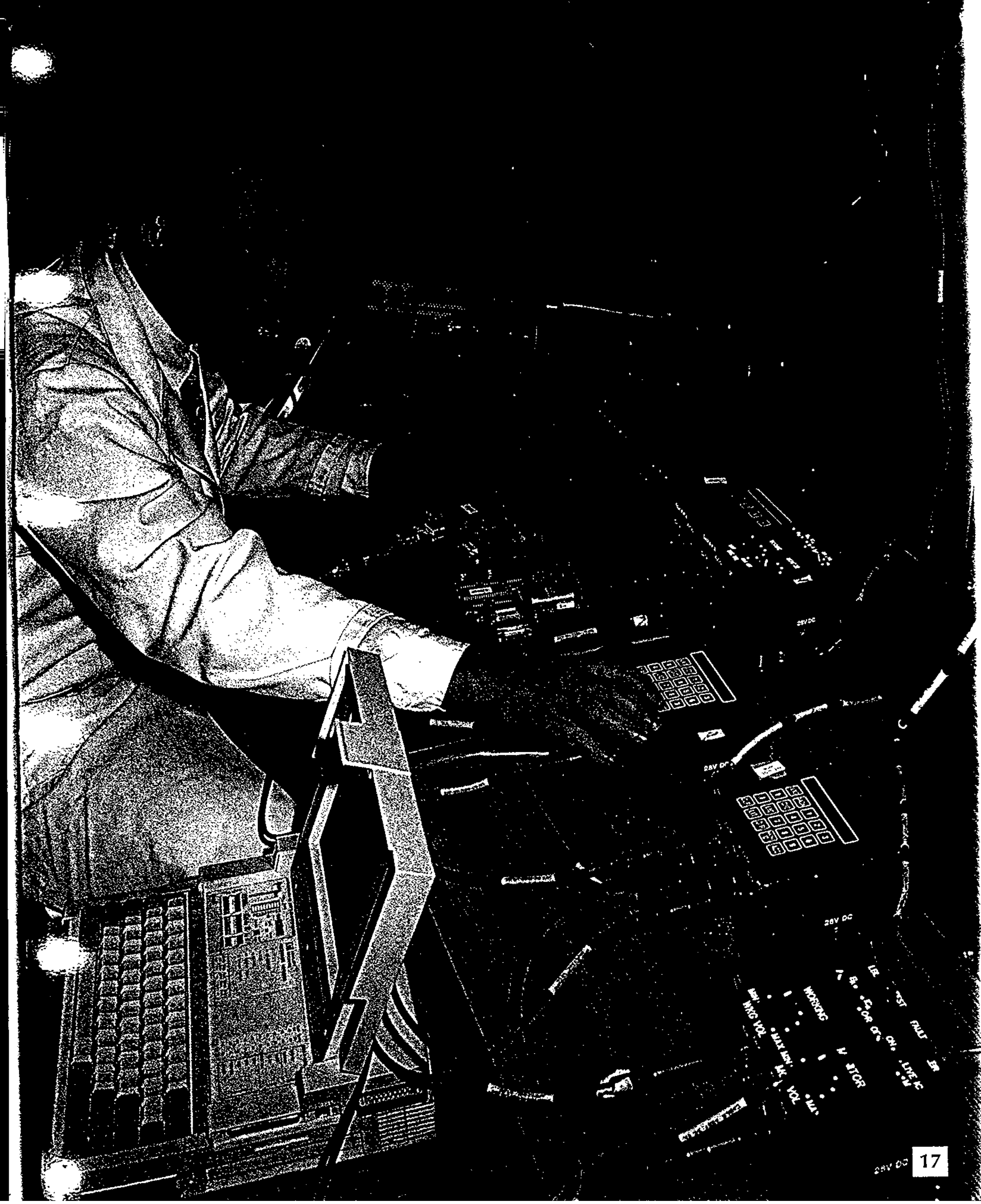
The Canadian company also suffered from a lack of domestic orders throughout much of the year, but this was partly offset by success in a number of export markets.

The Italian company fully integrated the Sekur acquisition by selling the 'tank tracks' part of the business and transferring the other elements into the main factory at Aprilia. The consolidated company won new work for nuclear, biological and chemical protection equipment, a new mobile emergency hospital and aviation fuel cells in addition to a substantial order book for parachute and related equipment.

Halmatic

Halmatic had a very poor first half year with large prospective contracts slipping. The upturn eventually started in the last quarter and the year ended with a much improved order book and this trend has continued into 1996. Particular difficulties were encountered on some 'first of class' vessels for the RNLI which are now finished but a keenly fought competition for Rigid Inflatable Boats (RIB) for MoD was won and successfully completed. Further orders have been obtained for RIBs from a number of export customers, 16 metre patrol boats for the Middle East and a new class of pilot boat for one of the pilotage authorities. These and other large export prospects point to a good recovery in 1996.

Raymond Gray of Hunting Engineering's Communications division, works on system integration aspects of the company's VICDS system for the Army.



OIL

Summary

While turnover decreased from £517 million to £514 million due to decreased volumes of low margin crude oil sales in Canada, operating profits advanced from £16.2 million to £19.0 million.

Both the major companies in the Division, Gibson Petroleum and Hunting Oilfield Services, continued their growth.

Overall, the Division continues to be well placed to make further progress.

Gibson Petroleum

The strong performance of crude oil prices in 1995 helped Gibsons to continue the growth of its core businesses and also to develop new opportunities for the future. In particular, the strategic focus on the marketing and transportation of heavy oil should provide good growth opportunities.

The marketing of crude oil came under considerable pressure from competition. However, the decline in gross volumes handled was offset by sales of speciality blends and the development of new market niches.

The Edmonton Terminal showed a growth in product volumes, particularly crude oil, LPG and synthetic oil. At the Hardisty Terminal, overall volumes were constant with growth being constrained by restrictions on the Interprovincial Pipeline (IPL) during November and December. Conversion and refurbishment of tanks to internal floating roofs continued with work on a 60,000 bbl crude oil tank completed during the year. Volumes on the Provost Pipeline increased with significant expenditure being incurred to connect up new discoveries in this area of eastern Alberta. Some of the volume gains on Provost Pipeline were offset by declines in the Bellshill Lake Pipeline system which are forecast to continue unless new developments occur.

Truck Transportation experienced a strong surge in growth early in 1995 but declined in mid-year when pipeline connections reduced volumes available for transportation by truck. However, this changed again late in the third quarter due to IPL restrictions which opened up other opportunities.

The fractionation plant at Hardisty processed higher volumes of Natural Gas Liquids (NGL) in 1995 due to strong demand for condensate (an NGL product) which is mixed with heavy oil to facilitate pipeline movements. The trend for increased heavy oil volumes should continue to attract NGL volumes to Hardisty for the condensate they produce. These volumes and continued reorganisation at Gibson Gas Liquids helped us regain a positive performance in LPG marketing.

Canwest Propane showed more growth in retail propane sales although narrow margins kept earnings at the 1994 level.

The identification of new business areas complementary to Gibson's activities has continued and resulted in two new areas of expansion. Firstly, in the area of bitumen development, Gibson became a one twelfth partner in the Underground Test Facility at Fort McMurray in northern Alberta and went on to take over management of this 2,200 bpd facility from the Alberta Government. Secondly, Gibson entered into a joint venture with ELAN Energy to develop a 100 mile pipeline to blend and transport heavy oil from ELAN's production at Elk Point to Gibson's Hardisty Terminal. This project, which still requires regulatory approval, is scheduled for completion towards the end of 1996 and will have an initial capacity of 50,000 bpd.

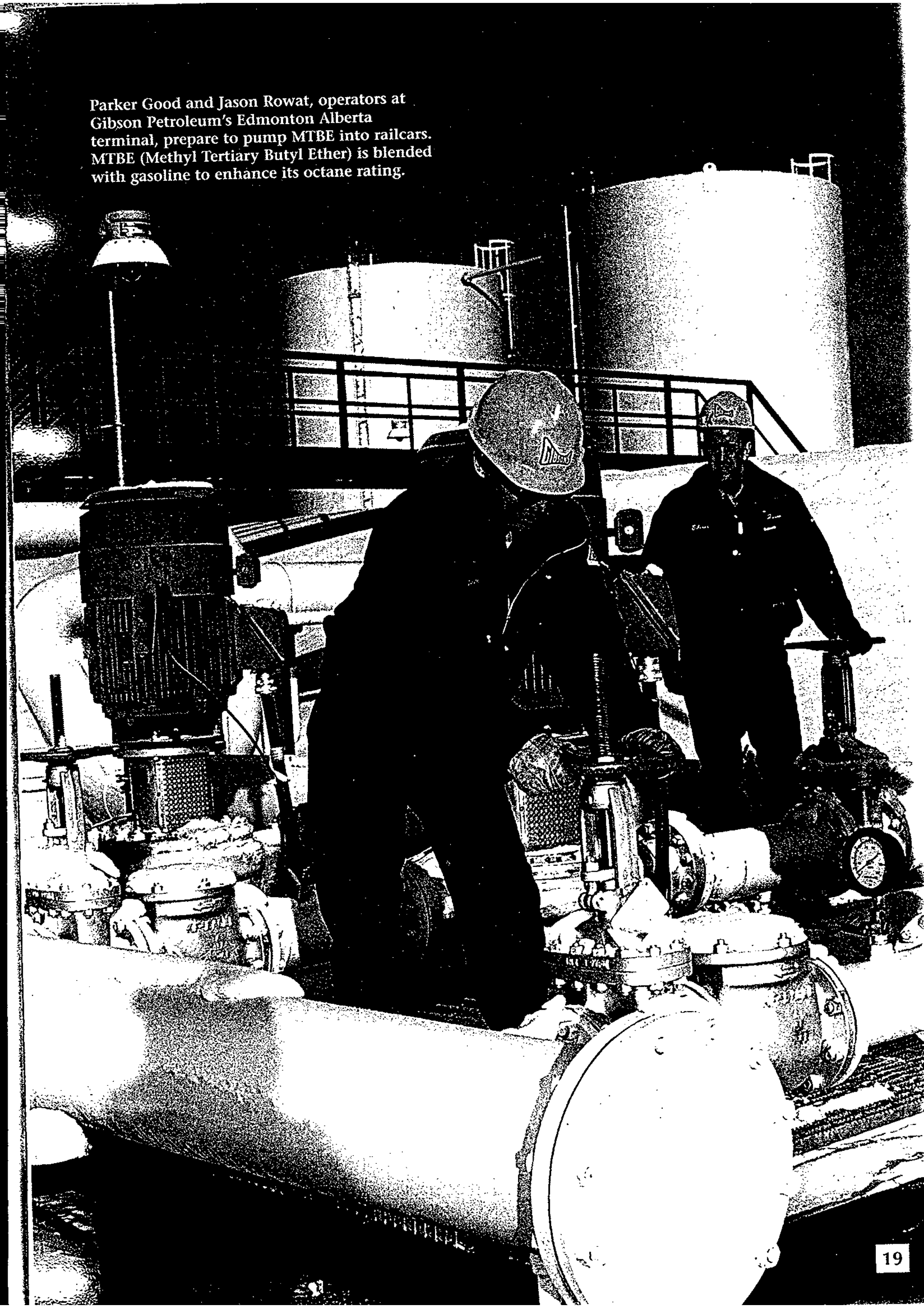
Hunting Oilfield Services (International)

The continued strength of oil prices during the year has maintained activity at a high level.

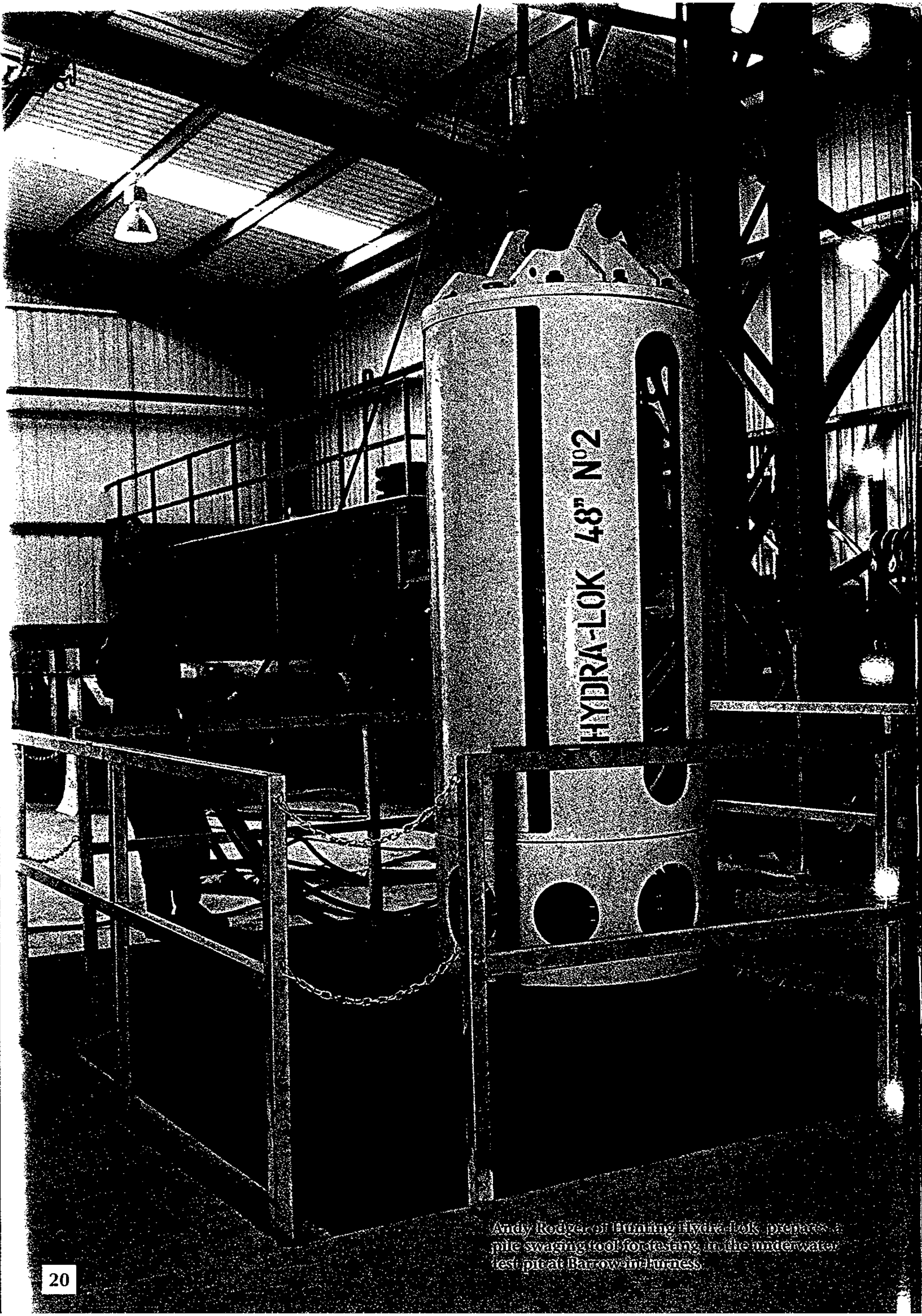
OCTG, the company's threaded connector business, again increased its market share and utilisation at the new plant constructed at Badentoy, on the outskirts of Aberdeen, and at Velsen Noord in Holland, was very high leading to record profits.

Operations in the US were strengthened by the acquisition of ThreadMasters Inc. of Houston. ThreadMasters has tubular connections which bridge the gap between basic API and our traditional premium connections and which provide a low cost alternative to premium connections. This business was successfully integrated with Hunting Interlock which had excellent results in 1995, secured through its ongoing alliances with Mobil, Chevron and Amoco, which have also provided the basis for a good start to 1996.

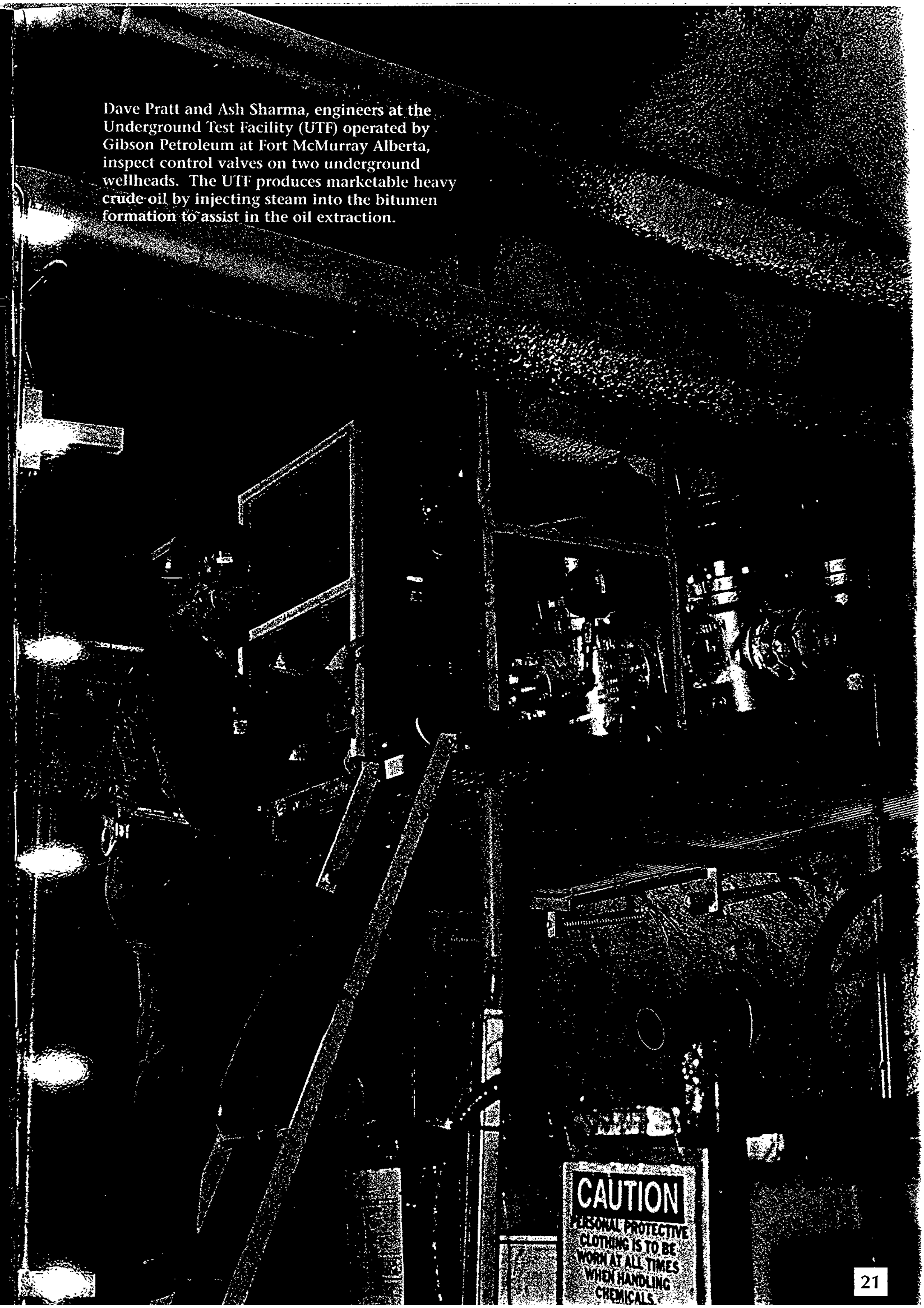
After a slow start to the year in Singapore, the second half saw much stronger activity. Steps have been taken to strengthen the company's presence in the region to increase sales for all of its products and services. Discussions on entering the Chinese and Vietnamese markets have continued but progress has been much slower than had been hoped. Progress has been made on the provision of technology and assistance to steel mills in Russia enabling them to export casing and this is expected to grow during the current year.



Parker Good and Jason Rowat, operators at Gibson Petroleum's Edmonton Alberta terminal, prepare to pump MTBE into railcars. MTBE (Methyl Tertiary Butyl Ether) is blended with gasoline to enhance its octane rating.



Andy Rodger of Hunting Hydra-Lok prepares a pile swaging tool for testing in the underwater test pit at Barrow-in-Furness.



Dave Pratt and Ash Sharma, engineers at the Underground Test Facility (UTF) operated by Gibson Petroleum at Fort McMurray Alberta, inspect control valves on two underground wellheads. The UTF produces marketable heavy crude oil by injecting steam into the bitumen formation to assist in the oil extraction.

OIL

The level of activity in the Connector Products business also increased with a further tension leg platform for Shell in its Ram/Powell Field in the Gulf of Mexico. The probable absence of tension leg platform work to be completed in the current year will make it harder to maintain this level of activity. The business also benefited from increased activity off the west of Shetland for which its products are particularly suitable.

Hunting MCS had a challenging year but entered 1996 with a good order book.

Hunting Hydra-Lok, which was acquired in September 1994, exceeded expectations for the year. Significant contracts were undertaken in West Africa and the Gulf of Mexico which accounted for 50% of activity. Plans to enter the South East Asia market are well advanced and it is hoped that the first installation will be carried out during 1996.

Two related businesses, Offshore Grouting Services Inc. and Martec Inc., were acquired and integrated during the year. Offshore Grouting Services, based in Louisiana, complements Hydra-Lok's method of installing offshore structures. Martec provides repair, refurbishment and servicing of offshore cranes in the Gulf of Mexico.

Overall, Hunting Oilfield Services enters 1996 with a strong order book, particularly in its OCTG business.

Hunting Petroleum France

Good results were achieved in France with the exception of the water drilling subsidiary which again experienced depressed market conditions.

Excellent performances were achieved by the products storage terminal in Strasbourg, by Larco and by Interpec.

EA Gibson Shipbrokers

Most departments showed improvements over the previous year in spite of very patchy shipping markets which continue to be very difficult to forecast. Both tankers and LPG carriers saw periods of very high rates being achieved, but unfortunately these levels were not maintained throughout the year.

Tenkay Resources

Further additions to this company's oil and gas reserve base were achieved during the year with a positive cash flow anticipated in 1996.

Hunting Industrial Coatings

1995 was a very successful year for the factory at Widnes, with good results produced from its traditional business of water-based coatings for roof tiles and a good start achieved with the Waterline system for relining water pipes.

The Cincinnati facility continued to make progress, as did Enviro Pac, a joint venture based in Providence, Rhode Island.

Hunting Environmental Services

The waste oil recycling activity has incurred losses for a number of years and the markets for its products are likely to continue to be very difficult for the foreseeable future. The decision was made, therefore, to exit this business and Hunting SECON was duly sold in February 1996 and the remaining tank cleaning business in March 1996. Operational difficulties and related management issues were also important factors in the decision to withdraw. The total cost of £1.5 million, which is included as part of the Exceptional Item, includes the loss on the sale of assets, ongoing leasehold commitments, redundancies and claims.

Hunting Technical Services

The company's consultancy activities continued their run of successful achievements, with major new assignments starting in Lesotho, Chile and Namibia.

The remote sensing/geographic information systems and procurement divisions had, in contrast, a disappointing year in 1995, narrowly losing contracts which could have substantially improved their results.

Leach Colour Group

The well established photographic services provided by Leach Colour Group to commercial and professional markets experienced a busy year, and the recent investments in computer imaging are beginning to bring in a profitable return. The growth in volume and slightly improved margins, produced a welcome improvement in profitability.

Mark Flockhart of Hunting Oilfield Services, Badentoy, checks thread measurements on the company's Fox premium connection.

PROSPECTS

With both improved markets and operating efficiencies, I anticipate further progress from the Aviation Division.

In the Defence Division the improving performance from AWE should offset the reduction anticipated from Hunting Engineering, pending new contract awards.

Subject to continued stability in the oil price, the Oil Division should make a further advance.

It is our firm intention to continue the process of concentrating our efforts on those businesses where we see the best growth opportunities.

Overall, prospects are good.

K. W. Miller *Chief Executive*

FINANCIAL REVIEW

Results

Turnover of £1,128 million is at a similar level to 1994 with an increase in the Aviation Division of £31 million compensating for reductions in the Defence and Oil Divisions. The reduction in the Oil Division was due to lower Canadian crude oil sales of £324 million (1994 - £346 million) and a weaker Canadian Dollar.

Operating profit increased by 15% from £33.2 million to £38.1 million with increases in all three Divisions.

In the Aviation Division, operating profits were reduced by both a £2 million provision to cover a debt from Fokker and also a write-down of certain preliminary costs associated with the Dash-8 interiors contract. Operating profits in the Defence Division from Hunting BRAE increased following the introduction of incentive pricing, on turnover marginally lower at £272 million compared with £283 million in 1994. In the Oil Division, Gibson Petroleum and Hunting Oilfield Services both achieved excellent results.

The divisional and geographical analysis of turnover, operating profits and net assets is shown in note 1 to the financial statements on page 43.

Interest payable rose from £6.0 million to £7.2 million after a profit of £1.4 million on the sale of certain US dollar interest rate hedges. This was due to the build up of borrowings during 1994 which continued for most of 1995 and which more than offset the reduction in interest rates experienced during the year. Interest cover, excluding the profit on the interest rate hedges, was 4.6 times.

The profit on exceptional items of £0.2 million includes a profit of £1.7 million in the Aviation Division on the sale of the Business Aviation activity for £7.7 million offset by a loss of £1.5 million on the sale by the Oil Division of the waste oil recycling and tank cleaning businesses in early 1996.

Profit before taxation increased from £28.5 million to £31.1 million, an increase of 9%.

The taxation charge reduced by 2% to 31% as the utilisation of prior years US tax losses more than compensated for higher levels of taxation applicable outside the UK.

Basic earnings per share increased by 13% from 10.7p to 12.1p.

Acquisitions

During the year the oilfield services activity was expanded by the acquisition of ThreadMasters and Martec Crane Services both in the US for an aggregate consideration of £2.6 million.

Capital expenditure

Capital expenditure during the year was £26.6 million compared with £19.5 million in 1994. Expenditure in the Defence and Aviation Divisions was £2.1 million and £11.2 million respectively with £13.3 million in the Oil Division. The Aviation Division expenditure includes the purchase and sale and lease back of a Boeing 727 aircraft for £3.1 million and £1.8 million on structural improvements, which commenced in 1994, to Electra aircraft. During the year the Group added five additional Boeing 727 aircraft on five and a half year operating leases.

Exchange rates

Exchange rate movements can have a significant effect on the Group's results and net assets when these are translated into Sterling. For the year to 31 December 1995 approximately 50% of the Group's net assets, turnover and operating costs were denominated in currencies other than Sterling. The principal currencies other than Sterling were the Canadian and US Dollar. The average exchange rates used for converting profits into Sterling were Canadian $2.18 and US$ 1.58 compared with Canadian $2.09 and US$ 1.53 in 1994. The rates used for converting assets and liabilities at 31 December 1995 were Canadian $2.12 and US$1.55 compared with Canadian $2.19 and US$ 1.56 in 1994.

Balance sheet

Shareholders' funds including minority interests increased to £166 million from £161 million, after writing off goodwill of £2.9 million on acquisitions. The conversion of overseas net assets into Sterling contributed a gain of £1.2 million.

Cash generated in the year of £6.5 million, compared with an outflow of £37.0 million in the previous year, reduced borrowings to £83.1 million with gearing reducing from 56% to 50%. Reductions were achieved in both the Oil and Defence Divisions with further improvement at AWE though movements in borrowings remain a significant

FINANCIAL REVIEW

feature under this contract. Total work in progress increased by an aggregate £14.3 million with increases in AWE and in the Airline Interiors activity as work commenced on the Dash-8 contract. Development costs not amortised on the Jetstream 41 aircraft reduced by £3.6 million to £9.6 million.

Accounting policies

The accounts have not been affected by any change in accounting standards or policies.

Treasury policy

The Group treasury function is a service centre operating within defined guidelines approved by the Board.

The Group's funding policy is to maintain a broad portfolio of debt by lending institutions and maturity date and to minimise exposure to exchange and interest rates. Exposure to exchange rate fluctuations is reduced by financing overseas assets with foreign currency borrowings. Limited cover is also taken against exchange rate movements on the conversion of overseas results into Sterling. The net foreign exchange exposure for purchases and sales in non-domestic currencies is covered by spot and forward currency deals. Interest rate exposure is hedged by interest rate swaps and caps for a rolling two year period.

The Group continues to have access to appropriate sources of finance.

Crude oil purchases

Gibson Petroleum in Canada purchases crude oil, some of which is sold after the end of a month. To reduce exposure to fluctuation in stock value, it enters into hedging transactions by selling forward contracts at the time of purchase and buying back contracts during the period in which the crude is delivered. This allows hedging gains or losses to offset the effect of price movements. No forward cover is taken on the linefill and working stock held in tanks and pipelines.

Going concern

The directors believe after having made appropriate enquiries, that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and therefore have adopted the going concern basis in the preparation of the financial statements.

Denis. L. Clark

D. L. Clark *Finance Director*

D. L. Clark

HUNTING
PLC

REPORTS AND FINANCIAL STATEMENTS

REPORT OF THE DIRECTORS

The directors present their report, together with the audited financial statements for the year ended 31 December 1995.

Activities

The Company is an industrial holding company whose subsidiary undertakings are involved in Aviation, Defence and Oil. The Group's activities, prospects and material subsequent events are reviewed in the Chairman's Statement, the Chief Executive's Review and the Financial Review on pages 4 to 26. Details of the Company's principal subsidiary and associated undertakings are set out on pages 56 and 57.

Results and Dividends

The results of the Group, giving details of the profit, dividends and retained earnings, are shown on page 39.

An interim ordinary dividend of 4p per share was paid on 15 December 1995 and the directors recommend a final ordinary dividend of 6p per share, making a total of 10p per share (1994 – 10p), payable on 2 July 1996 to shareholders on the register at 17 April 1996.

Shareholders will be given the opportunity of receiving fully paid Ordinary shares instead of cash in respect of all or part of the recommended final dividend. An explanatory circular and election form will be sent to shareholders on 26 April 1996.

Acquisitions and Disposals

On 24 February 1995, the issued share capital of Martec Crane Services Inc. was acquired by the Group for £290,000 and on 31 July 1995, the assets of the ThreadMasters division of Centrax International Corporation were acquired for £2.3 million.

On 3 November 1995 the Group's 50% shareholding in Hunting Business Aviation Limited was sold for a consideration of £487,500 in cash. On the same day the Group's interest in the Heathrow Executive Jet Centre was sold for £7.24 million in cash.

On 10 February 1996 and 11 March 1996 respectively the assets of Hunting SECON and the share capital of Hunting Tank Cleaning were sold for an aggregate consideration of £854,000.

Tangible Fixed Assets

The movement in tangible fixed assets during the year is shown in Note 12 to the financial statements.

Directors

The Board of Directors, shown on page 3, comprises 5 executive and 3 non-executive directors. D. G. S. Waterstone CBE was appointed a non-executive director on 12 April 1995 replacing R. E. Treacher who retired on the same day. L. C. Hunting proposes to retire as a non-executive director at the conclusion of the Annual General Meeting of the Company on 7 May 1996.

In accordance with the Articles of Association, D. L. Clark and T. L. Grievson retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election. D. L. Clark, T. L. Grievson, R. H. Hunting, and K. W. Miller have service contracts which may be terminated by the Company giving 24 months' notice or by the director giving 12 months' notice. G. H. Williams has a service contract which expires on 31 August 1997. The other directors do not have service contracts. No director had a material interest in any contract of significance to which either the Company or any of its subsidiary undertakings were a party. Directors' interests in shares of the Company are shown on pages 33 and 34.

As at 31 December 1995, no director of the Company had any beneficial interest in the shares of its subsidiary undertakings.

Non-Executive Directors

The Audit and Remuneration Committees of the Company comprise the non-executive directors.

L. C. Hunting who retires on 7 May 1996 was Chairman of the Company until 1991. He was a director of the Society of British Aerospace Companies Limited from 1983 until 1992 and is Chairman of Battle of Britain Memorial Limited.

A. R. Fryer was appointed a non-executive director on 19 September 1994. He has been an executive director of Smith and Nephew plc, since April 1987, where he is responsible for its European operations and its global consumer business.

D. G. S. Waterstone, CBE was appointed a non-executive director on 12 April 1995. He was a director of British Steel Corporation from 1976 to 1981, chief executive of the Welsh Development Agency from 1983 to 1990 and chief executive of Energy and Technical Services Group Plc from 1990 to 1995. On 1 May 1995, he was appointed chairman of Ansaldo International Limited, an Italian power transport, incineration and automation company, part of the Finmeccancia group.

L. C. Hunting and R. E. Treacher receive a pension from the Hunting Pension Scheme in respect of their former employment with the Group.

REPORT OF THE DIRECTORS

Directors' and Officers' Liability Insurance

The Company maintains insurance against certain liabilities which could arise from a negligent act or a breach of duty by its directors and officers in the discharge of their duties.

Substantial Interests

As at 28 March 1996, substantial interests in the Ordinary shares of the Company, other than directors' interests, notified to the Company in accordance with Sections 198 to 208 of the Companies Act 1985, were as follows:

		As at 28 March 1996	%
M & G Group P.L.C.+		13,815,079	14.06
Hunting Investments Limited†		10,884,743	11.08
R. E. Treacher	32,985		
— as trustee *	6,439,097		
		6,472,082	6.59
R. H. Malthouse — as trustee *		6,439,097	6.55
Slaley Investments Limited		5,938,440	6.04
BT Pension Fund		3,839,672	3.91
Mrs I. M. H. Hunting	895,643		
— as trustee *	2,484,583		
		3,380,226	3.44

+ The interest in 13,815,079 shares of M & G Group P.L.C. is held by its wholly owned subsidiary undertaking M & G Investment Management Limited.

† Included in Hunting Investments Limited's holdings of 10,884,743 shares are 9,437,743 shares held by its wholly owned subsidiary undertaking Huntridge Limited.

* After elimination of duplicated holdings, the total Hunting family trustee interests shown above amount to 6,439,097 Ordinary shares - 6.55%.

Share Capital

Details of the movements in the Company's share capital are shown in Note 23 to the financial statements.

Base Share Value for Capital Gains Taxation

The following are the adjusted middle market quotations on 31 March 1982 as derived from The London Stock Exchange Daily Official List:

	Price
Ordinary	91.25p
4.2% Cumulative Preference £1 shares	67.50p

REPORT OF THE DIRECTORS

Share Option Schemes

During the year 220,000 executive share options were granted under the No.3 Scheme to executives at 205p. The normal exercise dates are within a 7 year period expiring on 23 November 2005.

The directors will seek approval at the forthcoming Annual General Meeting for the introduction of a new long-term share incentive plan. A circular to shareholders setting out full details of the new scheme is enclosed with this report.

Employee Policy

The Group recognises the value of employee involvement in its activities. It encourages an awareness of the financial and economic factors affecting the performance of the Group and participation in the Group's share option schemes. The amount of information which is made available and the degree to which employees are consulted on matters affecting their interests, varies according to local conditions and circumstances. The Hunting Review, which includes articles on Group companies, is made available to all employees.

Full and fair consideration is given to applications for employment from disabled persons and to their training, career development and promotion. The Group recognises its responsibilities for the health and safety of its employees and encourages the active participation of employees in addressing environmental issues. It continually strives to provide a working environment which meets the requirements of the Health and Safety at Work Act 1974. Every effort is made to retain in employment those who become disabled.

The Environment

An environmental policy has been established which is appropriate to the number of different markets and countries in which Group companies operate. This is subject to regular review and incorporates new objectives as appropriate. Good progress is being made by subsidiary companies towards their environmental objectives. In particular, at two of the largest Group subsidiaries, Hunting BRAE and Gibson Petroleum, there are well developed environmental policies. The AWE policy commitment was published in a 1994 public report.

In all Group companies, there is a common awareness of the need to protect the environment by controlling emissions and waste.

As a responsible employer, the Company is conscious of its position and role within the community and is committed to continuously improving its environmental performance and providing working environments which meet the requirements of the Health and Safety at Work Act 1974.

Research and Development

Companies undertake, where appropriate, research and development to meet particular market and product needs. In the Defence Division, research and development is carried out under contract for the Ministry of Defence. Research is also undertaken into the feasibility of possible future requirements in the defence field.

Except where fully funded, such expenditure is written off when incurred. The net amount borne and written off by the Group during the year was £2,810,000 (1994 - £2,310,000).

Charitable and Political Contributions

During the year the Group paid £38,000 (1994 - £39,000) to UK charitable organisations and £30,000 (1994 - £43,000) to overseas charitable organisations. A political contribution of £7,500 was made to the Conservative Board of Finance (1994 - £7,500).

Share Dealings (Electronic Settlement Through CREST)

During this year it is anticipated that companies listed on the Official List of the London Stock Exchange will join or move towards membership of the CREST electronic, paperless shareholding and settlement system (CREST) which will be run by CRESTCo Limited.

CREST is being set up by the Bank of England and will provide holders of securities with the opportunity, if they so choose, to both hold and trade securities electronically thereby dispensing with any need for share certificates or written transfer instruments.

Legislation to allow settlement of securities through CREST was passed in December 1995, and participation of individual company shares in the system is expected to commence from July 1996 onwards.

It is the intention of the Board of Directors that the Company's Ordinary shares of 25p each ("Ordinary shares") and 8.25% Cumulative Convertible Preference shares of £1 each ("Convertible Preference shares") should be made eligible to participate in CREST and that participation will commence during the first

REPORT OF THE DIRECTORS

quarter of 1997. Accordingly, the Board has passed resolutions to this effect, referred to below.

Holders of Ordinary shares and Convertible Preference shares will still have the right to have their shareholdings evidenced by individual share certificates once participation in CREST has commenced.

Notification of Directors' Resolutions relating to the CREST System

In accordance with the Uncertificated Securities Regulations 1995 ("the Regulations"), notice is hereby given that the Company has passed resolutions by its Board of Directors on 28 March 1996 to the effect that title to the Ordinary shares and the Convertible Preference shares respectively, in issue or to be issued, may be transferred by means of a computer-based system which enables shares to be held and transferred without a written instrument (a "relevant system").

The above notice is the notice that the Company is obliged to give in accordance with the Regulations, that the Company has passed "directors' resolutions" (as defined in the Regulations) in relation to its Ordinary shares and Convertible Preference shares. The directors' resolutions will enable the Company's Ordinary shares and Convertible Preference shares to participate in CREST in due course. However, shareholders should note that neither the Ordinary shares nor the Convertible Preference shares will become transferable by means of the CREST system merely by virtue of the passing of the directors' resolutions (nor will they do so by virtue of the directors' resolutions becoming effective); the permission of the Operator of the system, CRESTCo Limited, must also be given before the shares can become so transferable. We expect this to occur on or around 24 February 1997. Shareholders should also note that, under the Regulations, they have the right by ordinary resolution to resolve that the Company should not participate in the CREST system.

The effect of the directors' resolutions will be to disapply, in relation to both the Ordinary shares and the Convertible Preference shares, those provisions of the Articles of Association of the Company (the "Articles of Association") that are inconsistent with the holding and transfer of those classes of shares in CREST and any provision of the Regulations, as and when the shares concerned enter the CREST system.

Annual General Meeting

The Annual General Meeting of the Company will be held on 7 May 1996. The Notice of Meeting is on pages 59 to 62.

Amendments to the Articles of Association of the Company

8.25% Cumulative Convertible Preference Shares

Annually on 1 July (or if later the date 30 days after the publication of the audited accounts of the Company for the previous financial year), holders of Convertible Preference shares may convert their holdings into Ordinary shares at a rate currently of 0.34 Ordinary shares of 25p for each Convertible Preference share.

The Articles of Association presently provide that the conversion of Convertible Preference shares can be effected in such manner as the directors may from time to time determine and as the law and the Articles of Association will allow. The Board of Directors have decided that it would be appropriate to provide for another specific method of conversion in the Articles of Association and it is proposed that the Articles of Association be amended as set out in Special Resolution 7.

The new method of conversion set out in the amendment to the Articles of Association will allow conversion of the Convertible Preference shares by consolidation of the Convertible Preference shares to be converted into one consolidated share followed by the sub-division and redesignation of the consolidated share into shares of 25p each of which the appropriate number of shares (determined on the basis of the applicable conversion rate) will be Ordinary shares and the remainder (including any fractions) redeemable Non-voting Deferred shares.

The Non-voting Deferred shares so created will carry no meaningful rights and will carry no rights to participate in profits, no voting rights at meetings nor entitle the holder to payment of any dividend or any repayment of capital (except the sum of 1p). All of the Non-voting Deferred shares in issue will be redeemable at the option of the Company by the payment of 1p out of distributable profits.

CREST

It is not intended at this time to make any amendments to the Articles of Association in relation to the proposed participation of the Company's shares in CREST, although it is anticipated that certain changes will need to be made in due course to the provisions in the Articles of Association relating to, *inter alia*, the conversion of the Convertible Preference shares.

Compliance

Because it is proposed to amend the Articles of Association as described above, the opportunity has been taken

REPORT OF THE DIRECTORS

to propose amendments to the Articles of Association to ensure compliance with the current requirements of the Listing Rules of the London Stock Exchange. The relevant amendments are those set out in Special Resolution 6 in the Notice of Annual General Meeting on pages 59 to 62.

In addition, the amendments proposed in paragraph (n) of Resolution 6 are intended to widen the scope of those matters in which a director is interested on which he can vote to include any contract or arrangement by a director to subscribe for securities of either the Company or its subsidiary undertakings (rather than just of the Company) which are issued or to be issued pursuant to any offer or invitation to members or debenture holders of the Company or to the public or any section thereof, or to underwrite or sub-underwrite any shares, debentures or other securities of the Company or its subsidiary undertakings.

Meeting of the Holders of 8.25% Cumulative Convertible Preference Shares

The Board considers that the new conversion mechanism for the Convertible Preference shares proposed by the amendments to the Articles of Association as set out in Special Resolution 7 in the Notice of Annual General Meeting on pages 59 to 62 constitute a variation, modification, alteration and/or abrogation of the rights attaching to the Convertible Preference shares and, accordingly, holders of Convertible Preference shares will be entitled to attend and vote on Resolution 7 and a resolution seeking the consent of the holders of such shares to these amendments will be proposed at a separate meeting of the holders of the Convertible Preference shares to be held at 11.00 am, or as soon thereafter as the Annual General Meeting of the Company shall have ended or be adjourned.

Authority to Allot Ordinary Shares

At the Annual General Meeting, shareholders will be asked to renew the directors' authority to allot relevant securities under Section 80 of the Companies Act 1985, for a period of five years from the date of passing the resolution. This authority will be limited to an aggregate nominal amount of £6,701,447, which represents approximately the amount of authorised but currently unissued Ordinary share capital and approximately 27% of the current issued Ordinary share capital. This will be proposed as Ordinary Resolution 9. The directors have no present intention of exercising this authority.

Resolution 10 is proposed as a special resolution. Shareholders will be asked to allow the directors, within limits, to allot equity securities in the Company for cash without application of the pre-emptive rights provided by Section 89 of the Companies Act 1985 and for the purpose of allotting equity securities up to a maximum aggregate nominal value of £1,227,427, which represents approximately 5% of the current issued ordinary share capital of the Company. The authority will expire at the conclusion of next year's Annual General Meeting or 15 months from the passing of this Resolution, whichever is the earlier. There are no current plans to allot any shares except in connection with the employee share schemes of the Company.

Ordinary Shares in Lieu of a Cash Dividend

At the Annual General Meeting, Ordinary Resolution 11 will be proposed, authorising the directors to offer Ordinary shareholders the choice of electing to receive new Ordinary shares instead of all or part of the recommended final dividend for 1995 of 6p per Ordinary share in cash and instead of all or part of any interim dividend or dividends declared by the directors before the conclusion of the Annual General Meeting of the Company to be held in 1997. It is intended that a circular setting out details of the next scrip dividend alternative, together with a form of election, will be sent to ordinary shareholders on 26 April 1996.

Proposed Executive Share Incentive Plan

Details of the proposed executive share incentive plan may be found in a circular to shareholders enclosed with this report. Approval by shareholders will be sought under Resolution 8 which will be proposed as an ordinary resolution.

Auditors

Price Waterhouse have indicated their willingness to be reappointed as auditors of the Company and a resolution concerning their reappointment will be proposed at the Annual General Meeting (Resolution 5).

Close Company Status

So far as the directors are aware, the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company and there has been no change in that respect since 31 December 1995.

REPORT OF THE DIRECTORS

Directors' Remuneration

	Salary and fees £'000	Bonus £'000	Benefits £'000	Pension contri-butions £'000	**1995 £'000**	1994 £'000	Gain on exercise of Share Options **Current year £'000**	Prior year £'000
Executive directors:								
R. H. Hunting (chairman)	94	—	9	14	**117**	114	—	—
K. W. Miller (chief executive)	150	41	13	22	**226**	200	—	—
D. L. Clark	100	28	9	17	**154**	132	—	—
T. L. Grievson	62	36	8	116	**222**	239	32	—
G. H. Williams	53	—	8	—	**61**	57	—	—
Non-executive directors:								
A. R. Fryer	15	—	—	—	**15**	4	—	—
D. G. S. Waterstone (appointed 12 April 1995)	11	—	—	—	**11**	—	—	—
L. C. Hunting	16	—	8	—	**24**	24	—	—
R. E. Treacher (retired 12 April 1995)	5	—	—	—	**5**	16	—	—
B. R. Bensly (retired 24 May 1994)	—	—	—	—	—	8	—	—
TOTAL	506	105	55	169	**835**	794	32	—

Only the salary element of executive directors' remuneration is pensionable.
Benefits include the value attributable to benefits such as company cars, fuel and medical insurance.
Pension contributions are the amount paid by the Company to secure future pensions for each director. T. L. Grievson waived his entitlement to part of his bonus. The Group made a discretionary payment of £108,000 to his pension scheme.

Directors' Interests

The interests of directors in the issued Ordinary shares and Convertible Preference shares of the Company, as required to be notified by each director pursuant to Section 324 of the Companies Act 1985, were as follows:

	31 December 1995 Ordinary shares of 25p	31 December 1995 Convertible Preference shares of £1	31 December 1994 Ordinary shares of 25p	31 December 1994 Convertible Preference shares of £1
Executive directors:				
R. H. Hunting	524,105	57,437	538,855	57,437
other beneficial	2,042,138	262,414	1,974,345	262,414
K. W. Miller	25,092	2,204	24,057	2,204
D. L. Clark	12,076	3,898	11,443	3,898
T. L. Grievson	26,594	—	23,288	—
G. H. Williams	71,902	30,861	68,114	30,861
Non-executive directors:				
A. R. Fryer	5,591	—	3,000	—
D. G. S. Waterstone	2,425	—	—*	—*
L. C. Hunting	1,147,701	212,898	1,147,701	212,898
as trustee	2,387,117	454,184	2,387,117	454,184

*At date of appointment.

REPORT OF THE DIRECTORS

Directors' Interests – *Continued*

At 31 December 1995 the following directors had outstanding options to acquire Ordinary shares under the share option schemes described in Note 23:

	At start of year	Exercised during year	At end of year	Exercise price p	Market price on exercise p	Date from which exercisable	Expiry date
K. W. Miller							
Exercisable	22,109		22,109	223.89		02.05.92	01.05.97
Exercisable	59,823		59,823	200.88		15.04.94	14.12.99
Exercisable	104,040		104,040	173.01		16.06.95	15.06.02
Not yet exercisable	1,609(i)		1,609	181.66		25.08.97	24.02.98
Not yet exercisable	5,419(i)		5,419	205.00		27.07.99	27.01.00
D. L. Clark							
Exercisable	17,687		17,687	223.89		02.05.92	01.05.97
Exercisable	47,858		47,858	200.88		15.04.94	14.12.99
Exercisable	83,232		83,232	173.01		16.06.95	15.06.02
Not yet exercisable	1,609(i)		1,609	181.66		25.08.97	24.02.98
Not yet exercisable	6,125(i)		6,125	205.00		27.07.01	27.01.02
T. L. Grievson							
Exercisable	26,752	(26,752)	0	162.60	202	20.06.94	19.06.98
Exercisable	72,828	(72,828)	0	173.01	202	16.06.95	15.06.02
Not yet exercisable	3,633(i)		3,633	181.66		25.08.97	24.02.98
Not yet exercisable	4,375(i)		4,375	205.00		27.01.01	27.01.02
G. H. Williams							
Exercisable	30,025		30,025	200.88		15.04.94	14.12.99
Exercisable	9,363		9,363	162.60		20.06.94	19.06.98
Not yet exercisable	36,414(ii)		36,414	173.01		16.06.95	15.06.02

(i) Denotes savings related share options.
(ii) Exercise condition not yet met (Note 23).

No options lapsed or were granted during the year.
No other directors had any options during the year.
The market price of the Ordinary shares at 31 December 1995 was 198p.
The highest mid-market price during the year was 219p and the lowest mid-market price was 163p.
Between 31 December 1995 and 28 March 1996 there were no changes in the interests of the directors in the issued shares of the Company or in options over such shares.

By order of the Board
D. L. Clark
Secretary

28 March 1996

REPORT OF THE REMUNERATION COMMITTEE ON BEHALF OF THE BOARD

The role of the Remuneration Committee (the "Committee") is to establish Board policy in respect of terms of employment, including a remuneration package for each executive director.

The Company complies with the Code of Best Practice set out in the Report of the study group chaired by Sir Richard Greenbury ("the Greenbury Code"), with the exception of the disclosure of the value of directors' pension entitlements earned during the year for which guidance is not yet in force.

Remuneration Policy

The Committee seeks to ensure that executive directors are responsibly and fairly rewarded for their individual contribution in order to motivate, retain and attract directors. The Committee strives to maintain a policy that is close to those of companies of a similar size and standing and/or in a similar industry. Most directors participate in a Profit-Related Pay Scheme.

Salaries

Short term remuneration comprises salaries, car and fuel benefits and medical cover. Salaries are reviewed annually taking into account market trends, changes in responsibilities and personal performance.

Bonus Scheme

Most executive directors are eligible for annual performance related bonus payments which are based on appropriate Group or divisional profit targets.

Long-term Benefits

Medium to long-term rewards have been principally the granting of executive share options at market price. Directors may also participate in the Company's savings related share option scheme. Details of all the options in issue over the Company's shares may be found on page 52.

A new incentive scheme, to be known as the Hunting Executive Share Incentive Plan, is to be introduced this year subject to approval by members at the Company's Annual General Meeting on 7 May 1996. It is proposed that executive directors will only be granted options under this plan on the recommendation and with the consent of the Committee. The Board consider that the proposed plan will be beneficial to the long-term interest of the Company and its shareholders by motivating and rewarding key individuals. Full details of the plan are set out in a circular to shareholders dated 28 March 1996 and enclosed with this report.

Pension Scheme

Most executive directors are contributing members to the Company's principal pension scheme, participating on the same basis as management and staff. Company contributions are based on the recommendation of consulting actuaries who carry out a valuation every 3 years. The next valuation will be in April 1996. Salary is the only pensionable emolument of the executive directors. Further details of the Company's pension schemes may be found on page 55, note 31.

Service Contracts

Executive directors, with the exception of G. H. Williams, have rolling service contracts which may be terminated by the Company giving 24 months notice or the director giving 12 months notice. G. H. Williams has a contract which expires on 31 August 1997.

Composition of the Committee

The Committee is comprised exclusively of non-executive directors. Committee members are paid a basic fee, determined by the Board, but do not receive share options, bonuses or, except as described on page 28, pension entitlement. The Chief Executive is consulted or invited to attend meetings where appropriate.

Directors' Remuneration and Interests

Details of directors' remuneration and interests in the shares of the Company are shown in the Directors' Report on pages 33 and 34.

CORPORATE GOVERNANCE

During 1995 the Company complied with all of the provisions of the Code of Best Practice issued by the Cadbury Committee on the Financial Aspects of Corporate Governance.

Board Committees

The Audit and Remuneration Committees comprise the non-executive directors only. The Audit Committee meets formally to review reports from the management and the external auditors and the Remuneration Committee meets as required to determine executive directors remuneration. Both Committees meet informally from time to time.

All directors have access to independent professional advice in furtherance of their duties.

Internal Financial Controls

The directors are responsible for the Group's system of internal financial controls which aims to safeguard Group assets, ensure proper accounting records are maintained and that the financial information used within the business and for publication is reliable. Any such system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss. The key features of the Group's system of internal financial control which has been established are as follows:

(a) Clear responsibilities on the part of line and financial management for the maintenance of strong financial controls and the production of accurate and timely financial management information.

(b) The control of key financial risks through clearly laid down authorisation levels and proper segregation of accounting duties.

(c) Detailed budgeting, forecasting and reporting of trading results, balance sheets and financial ratios with regular review by management of variances from targeted performance levels.

(d) Clearly defined procedures for capital expenditure appraisal and authorisation.

(e) During the year, Group management implemented a formal mechanism, based on self assessment for the evaluation of the key financial controls at the principal subsidiaries, to complement the existing external audit procedures.

The directors including the Audit Committee, have reviewed the effectiveness of the Group's systems of internal control for the period covered by these financial statements and considered reports on the quality of controls from the external auditors and senior management.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for maintaining proper accounting records to enable them to prepare financial statements, as required by the Companies Act 1985, which give a true and fair view of the state of affairs of the Company and of the Group and of the profit for the Group.

The directors confirm that the financial statements, using applicable accounting standards, have been prepared on a going concern basis using suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

REPORTS OF THE AUDITORS

To the shareholders of Hunting PLC

Audit Report

We have audited the financial statements on pages 38 to 57 and pages 33 to 34, which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on page 38.

Respective responsibilities of directors and auditors

As described on page 36, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group at 31 December 1995 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Report on corporate governance matters

In addition to our audit of the financial statements we have reviewed the directors' statements on page 36 concerning the Group's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange. The objective of our review is to draw attention to non-compliance with those paragraphs of the Code, if not otherwise disclosed.

Basis of opinion

We carried out our review having regard to the Bulletin 1995/1 'Disclosures relating to corporate governance' issued by the Auditing Practices Board. That Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Group's system of internal financial control or corporate governance procedures, nor on the ability of the Group to continue in operational existence.

Opinion

In our opinion, the directors' statements on internal financial controls on page 36 and on going concern on page 26, have provided the disclosures required by paragraphs 4.5 and 4.6 of the Code (as supplemented by the related guidance for directors) and are consistent with the information which came to our attention as a result of our audit work on the financial statements.

In our opinion, based on enquiry of certain directors and officers of the Company, and examination of relevant documents, the directors' statement on page 36 appropriately reflects the Group's compliance with the other paragraphs of the Code specified for our review.

Price Waterhouse

Price Waterhouse

Chartered Accountants and Registered Auditors
Southwark Towers
32 London Bridge Street
London SE1 9SY
28 March 1996

PRINCIPAL ACCOUNTING POLICIES

Accounting Convention
The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold properties, long leasehold properties and terminals and comply with applicable accounting standards.

Consolidation
The Group accounts include the financial statements of the Company and its subsidiary undertakings, together with associated undertakings, for the period to 31 December.

Goodwill arising on the acquisition of subsidiary undertakings, representing the excess of cost over the fair value ascribed to the net assets at acquisition, is charged to reserves. Goodwill previously eliminated against reserves is charged against profit in determining the profit or loss on disposal of subsidiary undertakings and reinstated as a movement on reserves.

Depreciation
Depreciation on fixed assets is provided in equal annual instalments over the estimated useful lives, by using the following rates:

Freehold property	2 – 10%
Leasehold land and buildings	life of lease
Oil and gas exploration and development	unit of production
Pipelines, tanks and associated equipment	4 – 20%
Aircraft, plant and equipment	6 – 33%

Foreign Currencies
Assets and liabilities of overseas subsidiary and associated undertakings have been expressed in Sterling at the market rates ruling at 31 December. Trading results are translated at the average rates for the year. Exchange differences arising on the translation of the accounts of overseas subsidiary undertakings are dealt with through reserves, whilst those arising from trading transactions are dealt with in the profit and loss account. Exchange differences on foreign currency borrowings used to finance overseas net equity investments are dealt with through reserves.

Trade Investments and Associated Undertakings
Associated undertakings are defined as those companies, not being subsidiary undertakings, in which Group companies have an effective interest of not less than 20% and in whose commercial and policy decisions they participate.

Investments in associated undertakings are included in the Group financial statements at the sum of the Group's share of each company's net assets at the balance sheet date. Other trade investments are included at estimated market value.

Deferred Taxation
Provision for deferred taxation is made using the liability method, on the excess of capital allowances over depreciation and other timing differences, to the extent that it is probable that a liability will crystallize in the foreseeable future.

Stocks and Work in Progress
Stocks are stated at the lower of cost and estimated net realisable value. Work in progress is stated at the lower of cost and estimated net realisable value less payments received and receivable on account. Costs include production overheads and a proportion of administrative overheads, in addition to direct labour and material costs. Interest costs are included in work in progress where financed by specific borrowings.

For long-term contract work in progress where the supply of goods and services or construction of an asset falls into more than one year, a due proportion of the estimated sales revenue, costs and attributable profits is included in each year's results. Profits on other contracts are taken on completion. If it appears likely that a contract will prove unprofitable, full provision is made for the anticipated loss.

Leases
Assets acquired under finance leases have been recorded in the balance sheet as tangible fixed assets at their equivalent capital value and depreciated over the useful life of the asset. All other leases are operating leases, and the rental of these is charged to the profit and loss account on a straight-line basis over the life of the lease.

Pensions
The expected cost of pensions in respect of the Group's defined benefit pension schemes is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the schemes. Variations from the regular cost are spread over the expected remaining service lives of current employees in the schemes. The pension cost is assessed in accordance with the advice of qualified actuaries.

Consolidated Profit and Loss Account

For the Year ended 31 December 1995

	Notes	1995	1994 (as restated)
		£'m	£'m
TURNOVER	1		
Continuing operations		1,124.2	1,121.0
Discontinued operations		3.7	4.7
		1,127.9	1,125.7
Cost of sales	2	(961.3)	(962.0)
GROSS PROFIT		166.6	163.7
Net operating expenses	2	(128.5)	(130.5)
Continuing operations		38.9	33.7
Discontinued operations		(0.8)	(0.5)
OPERATING PROFIT	1	38.1	33.2
Exceptional items:	3		
Profit on disposal of discontinued operations		0.2	—
Profit on disposal of fixed assets in discontinued operations		—	1.3
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		38.3	34.5
Finance charges	6	(7.2)	(6.0)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	31.1	28.5
Taxation on profit on ordinary activities	8	(9.7)	(9.4)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		21.4	19.1
Equity minority interests		(5.6)	(4.7)
PROFIT FOR THE FINANCIAL YEAR		15.8	14.4
Dividends (including non equity)	10	(13.8)	(13.7)
RETAINED PROFIT FOR THE YEAR	24	**2.0**	**0.7**
EARNINGS PER 25P ORDINARY SHARE	11		
— Basic		**12.1p**	**10.7p**
— Headline		**11.6p**	**9.2p**

There are no material differences between the results disclosed above and the results on an unmodified historical cost basis.

Statement of Total Recognised Gains and Losses

For the Year ended 31 December 1995

	Notes	1995	1994
		£'m	£'m
Profit for the financial year		15.8	14.4
Revaluation deficit		—	(3.7)
Currency translation differences on foreign currency net investments	24	1.2	(3.5)
Total recognised gains and losses for the year		**17.0**	**7.2**

Consolidated Balance Sheet

At 31 December 1995

	Notes	1995	1994
		£'m	£'m
FIXED ASSETS			
Tangible assets	12	136.0	133.4
Investments	13	6.8	4.5
		142.8	137.9
CURRENT ASSETS			
Stocks	16	126.6	113.0
Debtors	17	199.0	190.6
Cash at bank and deposits	18	23.8	13.1
		349.4	316.7
CREDITORS: amounts falling due within one year	19	(226.4)	(187.8)
NET CURRENT ASSETS		123.0	128.9
TOTAL ASSETS LESS CURRENT LIABILITIES		265.8	266.8
CREDITORS: amounts falling due after more than one year	20	(98.7)	(101.5)
PROVISIONS FOR LIABILITIES AND CHARGES	22	(1.6)	(4.6)
		165.5	**160.7**
CAPITAL AND RESERVES			
Called up share capital	23	73.2	73.0
Share premium	24	37.0	36.0
Revaluation reserve	24	15.3	17.8
Profit and loss account	24	12.0	9.2
SHAREHOLDERS' FUNDS (including non-equity interests)	25	137.5	136.0
EQUITY MINORITY INTERESTS		28.0	24.7
		165.5	**160.7**

Reconciliation of Movements in Shareholders' Funds

For the Year ended 31 December 1995

	1995	1994
	£'m	£'m
Profit for the financial year	15.8	14.4
Dividends	(13.8)	(13.7)
Retained profit for the year	2.0	0.7
Currency translation differences	1.2	(3.5)
New share capital subscribed	1.2	1.0
Revaluation deficit	—	(3.7)
Goodwill written off on acquisitions	(2.9)	(7.1)
Net addition (reduction) to shareholders' funds	1.5	(12.6)
Opening shareholders' funds	136.0	148.6
Closing shareholders' funds	**137.5**	**136.0**

Company Balance Sheet

At 31 December 1995

	Notes	1995 £'m	1994 £'m
FIXED ASSETS			
Investments	13	234.8	199.2
CURRENT ASSETS			
Debtors	17	20.5	29.6
Cash at bank and deposits	18	8.3	6.4
		28.8	36.0
CREDITORS: amounts falling due within one year	19	(10.1)	(8.2)
NET CURRENT ASSETS		18.7	27.8
TOTAL ASSETS LESS CURRENT LIABILITIES		253.5	227.0
CREDITORS: amounts falling due after more than one year	20	(105.8)	(76.0)
NET ASSETS		**147.7**	**151.0**
CAPITAL AND RESERVES			
Called up share capital	23	73.2	73.0
Share premium	24	37.0	36.0
Profit and loss account	24	37.5	42.0
SHAREHOLDERS' FUNDS (including non-equity interests)	25	**147.7**	**151.0**

K. W. Miller

D. L. Clark

Directors

Approved by the Board on 28 March 1996

Consolidated Cash Flow Statement

For the Year ended 31 December 1995

	Notes	1995	1994
		£'m	£'m
NET CASH INFLOW FROM OPERATING ACTIVITIES	26	51.6	6.2
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		4.3	2.5
Interest paid		(11.3)	(7.9)
Dividends received from associated undertakings		0.1	2.4
Dividends paid to minorities		(2.7)	(2.4)
Dividends paid to shareholders		(13.7)	(13.6)
NET CASH (OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(23.3)	(19.0)
TAXATION			
UK corporation tax paid (including advance corporation tax)		(1.2)	(4.8)
Overseas tax paid		(6.1)	(4.1)
TAX PAID		(7.3)	(8.9)
INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(25.3)	(18.3)
Purchase of subsidiary undertakings (net of cash and cash equivalents acquired)	24	(3.1)	(8.0)
Purchase of associated undertakings and other investments		(0.4)	(0.1)
Loans to associated undertakings		(1.4)	(1.0)
Sale of tangible fixed assets		7.6	12.7
Net proceeds from disposal of discontinued activities	3	7.4	—
Sale of businesses and investments		0.6	1.5
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(14.6)	(13.2)
NET CASH INFLOW (OUTFLOW) BEFORE FINANCING		**6.4**	**(34.9)**
FINANCING			
Issue of ordinary share capital		1.2	1.0
Capital subscribed by minorities		—	0.3
Repayments of other borrowings		(1.1)	(3.3)
Capital element of finance leases		—	(0.1)
NET CASH INFLOW (OUTFLOW) FROM FINANCING	27	0.1	(2.1)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	28	**6.5**	**(37.0)**

1. TURNOVER, OPERATING PROFIT AND NET ASSETS

Turnover represents the total amount receivable in the ordinary course of business for services provided and for goods sold, after eliminating sales within the Group.
Turnover and operating profit, including associated undertakings but before finance charges, exceptional items and taxation, are shown below.

	1995			1994 (as restated)		
	Turnover	Operating profit	Net assets	Turnover	Operating profit	Net assets
ACTIVITY	£'m	£'m	£'m	£'m	£'m	£'m
CONTINUING OPERATIONS						
Aviation	190.4	2.6	95.4	159.0	2.1	90.8
Defence	424.0	16.8	55.3	449.7	15.2	60.4
Oil	509.8	19.5	95.0	512.3	16.4	88.7
	1,124.2	38.9	245.7	1,121.0	33.7	239.9
DISCONTINUED OPERATIONS						
Aviation	—	(0.3)	—	—	(0.3)	4.8
Oil	3.7	(0.5)	(0.6)	4.7	(0.2)	1.6
	3.7	(0.8)	(0.6)	4.7	(0.5)	6.4
Net funding	—	—	(83.1)	—	—	(90.9)
Trade investments & central assets	—	—	3.5	—	—	5.3
	1,127.9	**38.1**	**165.5**	**1,125.7**	33.2	160.7
AREA OF OPERATION						
CONTINUING OPERATIONS						
Europe – UK	624.5	19.5	123.9	601.5	15.5	134.4
– Continent	35.1	4.6	17.3	33.1	4.0	13.3
North America – Canada	417.8	11.2	57.5	436.0	9.4	53.8
– US	25.1	4.3	35.5	26.4	3.8	27.7
Other	21.7	(0.7)	11.5	24.0	1.0	10.7
	1,124.2	38.9	245.7	1,121.0	33.7	239.9
DISCONTINUED OPERATIONS						
Europe – UK	3.7	(0.8)	(0.6)	4.7	(0.5)	6.4
	3.7	(0.8)	(0.6)	4.7	(0.5)	6.4
Net funding	—	—	(83.1)	—	—	(90.9)
Trade investments & central assets	—	—	3.5	—	—	5.3
	1,127.9	**38.1**	**165.5**	1,125.7	33.2	160.7

Inter-divisional turnover is not material and turnover by destination is not materially different to the area of operation.
The turnover, operating profits and net assets of companies acquired during the year are immaterial in the context of the results of the Group.
Most of the Group's financing is arranged centrally and is not specifically attributable to individual activities or geographic areas.

2. NET OPERATING EXPENSES

	1995			1994 (as restated)		
	Continuing operations £'m	Discontinued operations £'m	Total £'m	Continuing operations £'m	Discontinued operations £'m	Total £'m
COST OF SALES	**(960.1)**	**(1.2)**	**(961.3)**	(960.2)	(1.8)	(962.0)
Net operating expenses:						
Distribution costs	(7.6)	—	(7.6)	(8.0)	—	(8.0)
Administrative expenses	(121.8)	(3.0)	(124.8)	(125.4)	(3.1)	(128.5)
Other operating income	1.5	—	1.5	2.4	—	2.4
Share of profits less losses of associated undertakings	1.8	(0.3)	1.5	2.0	(0.3)	1.7
Rental income	0.9	—	0.9	1.9	—	1.9
	(125.2)	**(3.3)**	**(128.5)**	(127.1)	(3.4)	(130.5)

3. EXCEPTIONAL ITEMS

Exceptional items comprise:

	1995 £'m	1994 £'m
Profit on disposal of fixed assets in discontinued operations	—	1.3
Profit on disposal of discontinued operations	0.2	—
	0.2	**1.3**

The exceptional net profit in 1995 is made up of a profit of £1.7 million on the disposal of the Group's business aviation activities and a loss of £1.5 million on disposal of the waste oil recycling and tank cleaning businesses. The cash flow effect of these items is a £7.4 million net inflow.

4. EMPLOYEES

The average weekly number of employees during the year by activity was made up as follows:

	1995	1994
Aviation	3,981	4,273
Defence	7,448	8,109
Oil	1,251	1,206
	12,680	**13,588**

Staff costs during the year comprise

	1995 £'m	1994 £'m
Wages and salaries	237.5	240.5
Social security costs	21.1	21.5
Other pension costs (Note 31)	18.5	18.2
	277.1	**280.2**

5. REMUNERATION OF DIRECTORS

The Remuneration Committee determines the remuneration of executive directors including their annual bonus targets, if appropriate, and share options. A report from the Remuneration Committee is set out on page 35 and details of directors' remuneration are shown on page 33.

	1995 £000	1994 £000
Directors' emoluments comprise:		
Fees—non-executive directors*	55	52
Salaries and other emoluments	506	475
Profit related bonuses	105	109
Pension contributions	169	158
	835	**794**

*Includes part year only in respect of non-executive directors who were appointed and resigned 12 April 1995.

The total directors' remuneration, excluding pension contributions, includes salary and benefits of £102,719 (1994-£100,430) for the Chairman.

The remuneration, excluding pension contributions of the highest paid director in the year, comprises salary and benefits of £163,017 (1994 - £151,268) and a performance related bonus of £41,300 (1994 - £30,000)

The directors, other than the Chairman, and the highest paid director, received remuneration, excluding pension contributions, in the following bands:

	1995	1994
£ 0 - £ 5,000	—	1
£ 5,001 - £ 10,000	1	1
£ 10,001 - £ 15,000	2	—
£ 15,001 - £ 20,000	—	1
£ 20,001 - £ 25,000	1	1
£ 55,001 - £ 60,000	—	1
£ 60,001 - £ 65,000	1	—
£105,001 - £110,000	1	—
£115,001 - £120,000	—	1
£125,001 - £130,000	—	1
£135,001 - £140,000	1	—

6. FINANCE CHARGES

	1995 £'m	1994 £'m
Interest receivable	2.7	2.6
Interest payable:		
Bank loans and overdrafts repayable within 5 years	(8.2)	(4.3)
Other loans repayable within 5 years	(2.1)	(2.5)
Loans repayable after 5 years	(1.0)	(1.8)
	(8.6)	(6.0)
Gain on early termination of capital instruments	1.4	—
	(7.2)	(6.0)

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1995 £'m	1994 £'m
Profit on ordinary activities before taxation is stated after charging (crediting) the following items:		
Depreciation — owned assets	15.0	16.4
— leased assets	0.3	0.3
Profit on disposal of fixed assets	(0.4)	(0.8)
Income from unlisted investments	(0.1)	(0.1)
Research and development expenditure	2.8	2.3
Operating lease payments:		
Plant and machinery	5.0	3.4
Land and buildings	7.1	6.7
Finance lease payments	0.1	0.1
Auditors' remuneration:		
Audit	0.9	0.9
Non-audit services	0.8	0.7

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1995 £'m	1994 £'m
UK: Corporation tax at 33%	9.2	5.1
Double taxation relief	(1.0)	(1.0)
Overseas taxation at various rates	5.1	5.7
Deferred taxation — UK	(3.9)	(0.9)
— Overseas	(0.2)	(0.9)
Exceptional items	(0.1)	0.7
	9.1	8.7
Associated undertakings	0.6	0.7
	9.7	**9.4**

9. RESULTS FOR THE FINANCIAL YEAR

In accordance with the exemption allowed by Section 230 of the Companies Act 1985, the Company has not presented its own profit and loss account. A profit of £9.3m (1994 – £13.0m) has been dealt with in the accounts of Hunting PLC.

10. DIVIDENDS

	Pence per share	1995 £'m	1994 £'m
Preference dividends (non equity):			
Paid	4.2	0.1	0.1
Paid and accrued	8.25	4.0	4.0
Ordinary dividends (equity):			
Interim paid	4.0	3.8	3.7
Final proposed	6.0	5.9	5.9
		13.8	**13.7**

11. EARNINGS PER SHARE

The basic earnings per share is calculated on the profit attributable to ordinary shareholders of £11.7m (1994 – £10.3m) divided by the weighted average of 97,701,746 Ordinary shares of 25p in issue during the year (1994 – 97,142,546)
Fully diluted earnings per share has not been disclosed as it exceeds the basic earnings per share.
The alternative earnings per share based on IIMR headline earnings has been disclosed, as in the opinion of the directors this provides additional information to shareholders on the results of the Group's continuing activities. The headline earnings per share can be reconciled to the basic earnings per share as follows:

	Pence per share	1995 £'m	Pence per share	1994 £'m
Profit attributable to ordinary shareholders	12.1	11.7	10.7	10.3
Profit on disposal of discontinued operations	(0.3)	(0.3)	—	—
Profit on disposal of fixed assets	(0.2)	(0.2)	(1.5)	(1.4)
Adjusted earnings	**11.6**	**11.2**	9.2	8.9

12. TANGIBLE ASSETS

	Land and buildings £'m	Oil and gas exploration and development £'m	Pipelines, tanks and associated equipment £'m	Aircraft, plant and equipment £'m	**Total £'m**
GROUP					
COST OR VALUATION:					
At 1 January 1995	59.5	12.2	37.2	120.0	**228.9**
Exchange adjustments	0.4	0.3	1.5	0.9	**3.1**
Additions	2.9	1.1	5.2	17.4	**26.6**
Acquisitions	—	—	—	0.3	**0.3**
Disposals	(6.7)	—	(0.2)	(8.2)	**(15.1)**
At 31 December 1995	**56.1**	**13.6**	**43.7**	**130.4**	**243.8**
DEPRECIATION:					
At 1 January 1995	4.9	7.5	9.7	73.4	**95.5**
Exchange adjustments	—	0.3	0.3	0.7	**1.3**
Charge for year	1.1	0.7	2.3	11.2	**15.3**
Disposals	(0.1)	—	(0.1)	(4.1)	**(4.3)**
At 31 December 1995	**5.9**	**8.5**	**12.2**	**81.2**	**107.8**
NET BOOK AMOUNT:					
At 31 December 1995	**50.2**	**5.1**	**31.5**	**49.2**	**136.0**
At 31 December 1994	54.6	4.7	27.5	46.6	133.4

Land and buildings comprise:

	Cost or valuation £'m	Accumulated depreciation £'m
Freehold land and buildings	43.2	2.4
Long leasehold property	3.4	0.1
Short leasehold property	9.5	3.4
	56.1	**5.9**

12. TANGIBLE ASSETS – continued

Freehold and long leasehold properties occupied by Group companies in the UK were valued at 31 December 1994 by Wood & Co., Chartered Surveyors, and St. Quintin, Chartered Surveyors, acting jointly, on the basis of open market value for existing use. Properties which were vacant or leased to third parties were valued on the basis of open market value and one property was valued on a depreciated replacement cost basis.
Overseas properties occupied by Group companies in North America were also valued at 31 December 1994 by American Appraisal Canada Inc., Appraisers and Business Valuators and Jones Lang Wootton Canada Inc., Chartered Surveyors, on the basis of open market value for existing use.
These valuations are recognised in the accounts with freehold land and buildings recorded at a valuation of £32.1m, leasehold land and buildings at a valuation of £4.9m and terminals at a valuation of £12.7m. The remaining freehold and long leasehold properties are recorded at cost less accumulated depreciation and the directors consider that the valuation on an existing use basis would show a value in excess of their book value.
The properties subject to a revaluation have an historical cost of £16.4m and accumulated depreciation provision of £7.6m.
There is a contingent liability to capital gains tax if properties were to be disposed of at their revalued amounts but the directors do not anticipate this liability arising in the foreseeable future and therefore no provision has been made in the accounts.
Included in tangible assets is £1.8m (1994 – £0.7m) representing the capital element of lease agreements.

13. INVESTMENTS

	Trade investments and associated undertakings £'m	Other investments £'m	Total £'m
GROUP			
At 1 January 1995	4.2	0.3	**4.5**
Exchange adjustments	0.1	—	**0.1**
Additions	0.5	0.4	**0.9**
Disposals	0.1	—	**0.1**
Loans (net)	0.3	—	**0.3**
Share of profits of associated undertakings after taxation	0.9	—	**0.9**
At 31 December 1995 (Note 14)	**6.1**	**0.7**	**6.8**

	Investments in subsidiary undertakings £'m	Other investments £'m	Total £'m
COMPANY			
At 1 January 1995	199.2	—	**199.2**
Loans (net)	35.6	—	**35.6**
At 31 December 1995 (Note 15)	**234.8**	—	**234.8**

Other investments comprise unlisted investments at directors' valuation.

14. TRADE INVESTMENTS AND ASSOCIATED UNDERTAKINGS

GROUP	1995 £'m	1994 £'m
Shares in associated undertakings and investments	4.9	3.3
Loans to (from) associated undertakings	1.2	0.9
	6.1	**4.2**

Details of principal associated undertakings are given on pages 56 and 57.

15. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

COMPANY	1995 £'m	1994 £'m
Shares at cost	166.6	166.6
Advances to subsidiary undertakings	68.2	32.6
	234.8	**199.2**

Details of principal subsidiary undertakings are given on pages 56 and 57.

16. STOCKS

GROUP	1995 £'m	1994 £'m
Raw materials and consumables	32.2	30.4
Work in progress	58.8	41.8
Long term contract work in progress	15.3	18.0
Finished goods and goods for resale	25.4	25.8
Payments on account	(5.1)	(3.0)
	126.6	**113.0**

The replacement cost of stocks is not materially different from the balance sheet amount.
Development expenditure on the Jetstream 41 aircraft amounting to £9.6m, including interest of £1.2m (1994 – £13.2m, including interest of £1.8m) has been included in long term contract work in progress.

17. DEBTORS

	Group		Company	
	1995 £'m	1994 £'m	1995 £'m	1994 £'m
Due within one year:				
Trade debtors	155.0	153.7	—	—
Amounts owed by subsidiary undertakings	—	—	10.7	20.5
Amounts owed by associated undertakings	0.2	0.3	—	—
Other debtors	17.0	15.3	0.4	0.1
Corporation tax	—	—	7.3	7.1
Prepayments and accrued income	10.1	8.5	—	—
	182.3	**177.8**	**18.4**	**27.7**
Due after one year:				
Other debtors	2.6	2.3	—	—
Advance corporation tax (Note 22)	—	—	2.1	1.9
Prepayments and accrued income	3.7	1.1	—	—
Pension fund prepayment (Note 31)	10.4	9.4	—	—
	16.7	**12.8**	**2.1**	**1.9**
	199.0	**190.6**	**20.5**	**29.6**

18. CASH AT BANK AND DEPOSITS

	Group		Company	
	1995 £'m	1994 £'m	1995 £'m	1994 £'m
Cash at bank and deposits	**23.8**	**13.1**	**8.3**	**6.4**

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1995 £'m	1994 £'m	1995 £'m	1994 £'m
Secured bank, other loans and overdrafts	0.7	0.6	—	—
Unsecured bank and other loans	11.5	8.2	—	—
Unsecured bank overdrafts	8.4	4.2	—	—
	20.6	13.0	—	—
Obligations under finance leases (Note 30)	0.3	0.2	—	—
Trade creditors	99.6	89.9	—	—
Amounts owed to subsidiary undertakings	—	—	3.1	1.2
Amounts owed to associated undertakings	0.1	0.1	—	—
Other creditors and provisions	17.7	15.5	—	—
Corporation tax	7.0	2.0	—	—
Other taxes and social security costs	15.0	11.2	—	—
Accruals and deferred income	60.2	50.0	1.1	1.1
Proposed dividend	5.9	5.9	5.9	5.9
	226.4	**187.8**	**10.1**	**8.2**

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	1995 £'m	1994 £'m	1995 £'m	1994 £'m
Secured bank and other loans (Note 21)	2.2	2.6	—	—
Unsecured bank and other loans (Note 21)	82.4	88.1	—	32.0
Obligations under finance leases (Note 30)	1.4	0.1	—	—
Amounts owed to subsidiary undertakings	—	—	105.2	43.5
Accruals and deferred income	0.4	0.8	—	—
Other creditors and provisions	12.3	9.9	0.6	0.5
	98.7	**101.5**	**105.8**	**76.0**

21. SECURED AND UNSECURED BANK, OTHER LOANS AND OVERDRAFTS

	1995 £'m	1994 £'m
Secured loans and overdrafts are repayable as follows:		
Within one year	0.7	0.6
Between one and two years	0.5	0.5
Between two and five years	1.2	1.3
After five years (at rate of 8.3%)	0.5	0.8
	2.9	**3.2**

The secured bank loans are secured by charges over some of the assets of certain subsidiary undertakings.

	Group		Company	
	1995 £'m	1994 £'m	1995 £'m	1994 £'m
Unsecured loans and overdrafts are repayable as follows:				
Within one year	19.9	12.6	—	—
Between one and two years	8.6	7.7	—	—
Between two and five years	64.0	54.8	—	22.4
After five years (at rates between 2.5% and 8.4%)	9.8	25.6	—	9.6
	102.3	**100.7**	**—**	**32.0**

22. PROVISIONS FOR LIABILITIES AND CHARGES — DEFERRED TAXATION

	Company £'m	Subsidiary undertakings £'m	1995 Total £'m	1994 Total £'m
Provision has been made at 33% as follows:				
Accelerated capital allowances	—	3.6	3.6	4.5
Other timing differences	—	0.1	0.1	2.0
ACT recoverable (Note 17)	(2.1)	—	(2.1)	(1.9)
	(2.1)	**3.7**	**1.6**	**4.6**

Included within the movement on the deferred tax provision is £2.2m transferred to corporation tax and £0.8m of other movements.
Deferred taxation of £4.0m (1994 - £3.5m) in respect of accelerated capital allowances and other timing differences, and the potential capital gains tax on the revaluation of properties (Note 12) has not been provided.
Deferred taxation is not provided in respect of liabilities which might arise on the distribution of unappropriated profits of overseas subsidiary and associated undertakings.

23. SHARE CAPITAL

GROUP AND COMPANY	Ordinary shares of 25p each No.	Ordinary shares of 25p each £'m	4.2% Cumulative Preference shares of £1 each £'m	8.25% Cumulative Convertible Preference shares of £1 each £'m	Total £'m
Authorised	**125,000,000**	**31.3**	**0.7**	**50.5**	**82.5**
Allotted and fully paid at 1 January 1995	97,468,608	24.4	0.7	47.9	73.0
Scrip issues	385,902	0.1	—	—	0.1
Exercise of options	338,092	0.1	—	—	0.1
Conversion of Preferences shares	1,610	—	—	—	—
At 31 December 1995	**98,194,212**	**24.6**	**0.7**	**47.9**	**73.2**

The rights attached to each class of non-equity share capital are summarised below:—

4.2% Cumulative Preference shares of £1 each:
The holders of the 4.2% Cumulative Preference shares are entitled to a fixed cumulative preferential dividend at the rate of 4.2% (net) per annum payable half yearly on 30 June and 31 December in priority to any payment by way of dividend in respect of any other class of shares.
These shares confer on the holder a right in winding up or on a return of capital, in priority to any payment in respect of any other class of shares, to repayment of the capital at the highest of par or market value together with, in either case, any arrears of the fixed dividend.

8.25% Cumulative Convertible Preference shares of £1 each:
The 8.25% Cumulative Convertible Preference shares ("Convertible Preference shares") carry the right to a fixed cumulative preferential dividend at the rate of 8.25% (net) per annum payable half yearly on 31 May and 30 November.
These shares are convertible into fully paid Ordinary shares of 25p ("Ordinary shares") (ranking pari passu with existing Ordinary shares) on 1 July each year on the basis of 34 Ordinary shares for every £100 nominal of Convertible Preference shares converted.
The Convertible Preference shares are repayable at par and have no fixed redemption date. On 1 July 1995, 8 shareholders converted an aggregate of 4,744 Preference shares.
On a winding up or other return of capital each Convertible Preference share carries a right in priority to a payment to a holder of any other class of shares except the 4.2% Cumulative Preference shares.
There is not conferred on the holders of either class of Preference shares the right to receive notice, attend or vote at general meetings of the Company unless the dividend on the relevant class of shares is six months or more in arrears, or, if a resolution is to be proposed considering the winding up of the Company or a resolution is to be proposed, abrogating, varying, modifying or altering any of the rights of the holders of those shares.
A meeting of the holders of the Convertible Preference shares will be held following the Annual General Meeting of the Company on 7 May 1996, seeking their consent to the proposed amendments to the Articles of Association providing for a new conversion mechanism. The Notice of Meeting of the Convertible Preference shareholders is on page 63.

23. SHARE CAPITAL – continued

Options outstanding under the Company's share option schemes at 31 December 1995 were:

	No. of Options	Exercise price range p	Exercise Period
Executive Share Options			
No. 1 scheme	264,152	86-163	06.06.92-19.06.98
No. 2 scheme	104,642	195-224	02.05.92-25.11.98
No. 3 scheme	2,065,385	173-215	15.04.94-23.11.05
Savings Related Share Options	1,352,957	181-205	25.08.97-26.01.02
Total Options Outstanding	**3,787,136**		

The maximum number of Ordinary shares of 25p in the Company in respect of which executive share options may be granted in a ten year period is the lesser of 7,639,137 or 5% of the issued share capital of the Company from time to time. The maximum number of Ordinary shares in the Company in respect of which savings related share options may be granted in a ten year period is the lesser of 15,671,587 or 10% of the issued share capital of the Company from time to time. The maximum number of options which may be issued when aggregated with the shares issued or which may be issued in respect of options granted in any three year period, shall not exceed 3% of the issued share capital of the Company at that time.
Options under the No. 3 Scheme, which were issued in 1989, are performance related being conditional upon there being a percentage increase in the earnings per share of the Company at the end of any three consecutive financial years which exceeds the percentage increase in the All Items Retail Price Index. Options granted in June 1992, June 1994, and November 1995 also under the No. 3 Scheme are subject to the achievement of at least 80% of the aggregate profit budget of the relevant business unit over a three year period.

24. RESERVES

	Share premium £'m	Revaluation reserve £'m	Profit and loss account £'m	Total £'m
GROUP				
At 1 January 1995	36.0	17.8	9.2	63.0
Currency translation differences	—	0.4	0.8	1.2
Premium on shares issued during the year	1.0	—	—	1.0
Goodwill on acquisitions	—	—	(2.9)	(2.9)
Transfer to profit and loss account	—	(2.9)	2.9	—
Retained profit for the year	—	—	2.0	2.0
At 31 December 1995	**37.0**	**15.3**	**12.0**	**64.3**
COMPANY				
At 1 January 1995	36.0	—	42.0	78.0
Currency translation differences	—	—	—	—
Premium on shares issued during the year	1.0	—	—	1.0
Loss for the year	—	—	(4.5)	(4.5)
At 31 December 1995	**37.0**	—	**37.5**	**74.5**

24. RESERVES – continued

Group reserves include £2.5m (1994 – £0.7m) in respect of the Group's share of the post acquisition reserves of associated undertakings.

Goodwill has been calculated as follows:

	1995 £'m
Fixed assets	0.2
Other net current assets, excluding borrowings	0.4
Borrowings	(0.2)
Minority interest acquired	0.2
	0.6
Fair value adjustments to fixed assets	0.1
Other fair value adjustments	(0.5)
	0.2
Net cash outflow – acquisition of subsidiary undertakings	(3.1)
Cash and cash equivalents acquired	—
Gross consideration	(3.1)
Goodwill on acquisitions written off to reserves	**(2.9)**

The cumulative amount of goodwill, since the merger in 1989, charged to reserves, net of amounts reinstated in respect of disposals, is £43.0m (1994 – £40.1m). The effect of acquisitions during the year on the Group's cashflows is immaterial.

25. SHAREHOLDERS' FUNDS

	Group		Company	
	1995 £'m	1994 £'m	1995 £'m	1994 £'m
EQUITY SHAREHOLDERS' FUNDS				
Ordinary share capital	24.6	24.4	24.6	24.4
Share premium	37.0	36.0	37.0	36.0
Revaluation reserve	15.3	17.8	—	—
Profit and loss account	12.0	9.2	37.5	42.0
	88.9	87.4	99.1	102.4
NON-EQUITY SHAREHOLDERS' FUNDS				
Preference share capital	48.6	48.6	48.6	48.6
	137.5	**136.0**	**147.7**	**151.0**

26. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1995 £'m	1994 £'m
Operating profit	38.1	33.2
Depreciation	15.3	16.7
(Profit) on disposal of fixed assets	(0.4)	(0.8)
Share of (profits) less losses of associated undertakings	(1.5)	(1.7)
(Increase) in stocks	(13.8)	(5.5)
(Increase) in debtors	(12.0)	(18.6)
Increase (decrease) in creditors	25.9	(17.1)
Net cash inflow	**51.6**	**6.2**

27. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	1995 £'m	1994 £'m
At 1 January	208.8	215.1
Net cash inflow (outflow) from financing	0.1	(2.1)
Capital subscribed by minorities	—	(0.3)
Finance obligations of new subsidiary undertakings	0.2	0.4
Finance lease additions	1.4	0.1
Exchange rate movements	(2.0)	(4.4)
At 31 December	**208.5**	**208.8**
The balance at 31 December comprises:		
Share capital (including premium)	110.2	109.0
Borrowings	96.6	99.5
Finance lease creditors	1.7	0.3
	208.5	**208.8**

28. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	1995 £'m	1994 £'m
At 1 January	8.9	46.9
Net cash inflow (outflow)	6.5	(37.0)
Effect of exchange rate movements	(0.2)	(1.0)
At 31 December	**15.2**	**8.9**
The balance at 31 December comprises:		
Cash at bank and deposits	23.8	13.1
Bank overdrafts	(8.6)	(4.2)
	15.2	**8.9**

29. CAPITAL COMMITMENTS

Capital expenditure committed but not provided for in these financial statements amounted to £1.8m (1994 – £0.8m). In addition, capital expenditure authorised by the Board but not yet contracted for amounted to £4.3m (1994 – £0.8m).

30. LEASES

	1995 £'m	1994 £'m
The Group has net obligations payable under finance leases as follows:		
Amounts due within one year	0.3	0.2
Amounts due between two and five years	1.4	0.1
	1.7	**0.3**

	Land and buildings		Other	
	1995 £'m	1994 £'m	1995 £'m	1994 £'m
Operating lease rentals payable during the next year are as follows:				
Commitments expiring:				
Within one year	0.9	0.1	0.3	0.2
Between two and five years	1.9	1.0	1.6	0.2
After five years	4.9	6.0	3.4	—
	7.7	**7.1**	**5.3**	**0.4**

Included within other are commitments relating to aircraft held under operating leases.

31. PENSION COMMITMENTS

Within the UK, the Group operates defined benefits schemes of which the majority of employees are members. Pension arrangements are also made for most overseas employees, principally in the form of money purchase schemes.

The Group's main UK scheme was subject to valuation by Lane Clark & Peacock, consulting actuaries, as at 6 April 1993. The actuarial method used to derive the pension cost was the projected unit method. The major assumptions were that the return on scheme assets would be 9% per annum, salary rates would increase at an average of 7% per annum, pensions would increase at 5% per annum and dividend income would grow at 4½% per annum. The market value of the scheme assets at the date of the last actuarial valuation was £121m, representing 120% of the value of the benefits that had accrued to members after allowing for expected future increase in pensionable salaries, and for increases to pension payments.

Employees of a subsidiary undertaking of Hunting-BRAE employed at AWE are in a separate defined benefits scheme to which Hunting-BRAE makes contributions, but under which Hunting-BRAE does not participate in surpluses or deficits. The pension cost in relation to this scheme therefore equates to the employer's contributions paid.

The total pension cost to the Group for all schemes was £18.5m of which £1.2m (1994 – £1.1m) relates to schemes outside the U.K. The effect of SSAP 24 has been to increase the Group operating profit by £1.0m (1994 – £1.1m). A prepayment of £10.4m (1994 – £9.4m) is included in debtors, representing the excess of the amounts funded over the pension charge. There are no other significant post-retirement benefits.

32. CONTINGENT LIABILITIES

There are contingent liabilities arising in the ordinary course of business in respect of litigation and guarantees for which the directors believe adequate provisions have been made in the accounts. The Company has guaranteed borrowings of £92.0m (1994 – £90.8m) by Group companies.

Principal Subsidiary and Associated Undertakings

AVIATION	Country of incorporation and operations	Business
Hunting Aviation Limited	England	Holding company
Aircraft Engineering Division		Engineering and maintenance support services for aircraft engines and avionics. Aircraft corporate completions, management and sales
Airline Interiors Division		Passenger aircraft cabin interior products and services
Contract Services Division		On-site management services and training. Provision of manpower, airport systems and aerial photography (Hunting Aerofilms Limited)
Cargo Airlines Division (trading as Hunting Cargo Airlines Limited, Hunting Cargo Airlines (Ireland) Limited, Reed Aviation Limited (50%) and DHL Air Limited (50%))	England/Ireland	Air cargo services
Hunting Aviation (Singapore) Pte Limited (50%)	Singapore	Aviation and spares support
Hunting Industries Limited (74.3%)	Zimbabwe	Aviation and engineering
Hunting Aviation (Pty) Limited	South Africa	Aviation and engineering
Field Aviation Company Inc.	Canada	Aviation and engineering

DEFENCE

Hunting Defence Limited*	England	Holding company
Hunting Engineering Limited	England	Defence and secure communication systems
Hunting-BRAE Limited (51%)	England	Management services
AWE PLC (51%)	England	Facilities management
MLRS Europaische Produktions GmbH (20%)†	Germany	Defence systems
Irvin Aerospace Limited	England	Retarder and decoy systems
Irvin Industries Canada Limited	Canada	Retarder and decoy systems
Irvin Industries Inc.	USA	Retarder and decoy systems
Irvin Industrie Italiane SpA	Italy	Retarder and decoy systems
Halmatic Limited	England	Boat building, composites and marine services

Notes

1 Certain subsidiary and associated undertakings have been excluded where in the opinion of the directors they do not have a material bearing on the profits or assets of the Group.

2 Except where otherwise stated companies are wholly-owned being incorporated and operating in the countries indicated.

3 Interests in companies marked * are held directly by Hunting PLC.

4 Subsidiary and associated undertakings marked † are audited by firms other than Price Waterhouse. The aggregate contribution by these companies to the profit after tax and net assets of the Group was 35% and 28% respectively.

5 Subsidiary undertakings marked ‡ have a different year end for commercial reasons.

Principal Subsidiary and Associated Undertakings

OIL

OIL	Country of incorporation and operations	Business
Gibson Petroleum Company Limited (64%)†	Canada	Oil marketing and distribution
E. A. Gibson Shipbrokers Limited	England	Shipbroking
Hunting Industrial Coatings Limited	England	Industrial coatings
Hunting Industrial Coatings Technology Inc.	USA	Industrial coatings
Enviro Pac International Llc (50%)	USA	Production and packaging
Hunting Oilfield Services (International) Limited	England	Oilfield services
Hunting Oilfield Services (UK) Limited (60%)	England	Oilfield services
Hunting Hydra-Lok Limited	England	Oilfield services
Hunting Oilfield Services BV (60%)	Holland	Oilfield services
Hunting Interlock Inc.	USA	Oilfield services
Hunting MCS Inc.	USA	Oilfield services
Hunting Tubular Threading Inc.	USA	Oilfield services
Hunting Oilfield Services (Pte) Limited	Singapore	Oilfield services
Hunting Petroleum France SA†	France	Holding company
Société Internationale d'Equipements et de Réalisations Pétrolières et Chimiques SA†	France	Refinery and pipeline equipment
Société Européenne de Stockage SA (51%)†	France	Oil products storage
Larco SA†	France	Petroleum equipment
Hunting Technical Services Limited	England	Natural resources consultancy
Leach Colour Group Limited†	England	Photographic and printing services

OTHER ACTIVITIES

Huntaven Properties Limited*	England	Group properties
Hunting Knightsbridge Holdings Limited‡*	England	Finance
Hunting Knightsbridge Finance Limited‡	England	Finance
Hunting Knightsbridge US Finance Limited‡	England	Finance
Hunting U.S. Holdings Inc.	USA	Holding company
Hunting America Corporation	USA	Finance
Hunting U.S. Leasing, Inc.	USA	Leasing

Financial Record

	1995 £'m	1994 £'m	1993 £'m	1992 £'m	1991 £'m
Turnover					
Continuing operations	1,124.2	1,121.0	1,047.8	775.5	706.5
Discontinued operations	3.7	4.7	11.6	34.3	43.1
	1,127.9	**1,125.7**	**1,059.4**	**809.8**	**749.6**
Operating profit					
Continuing operations	38.9	33.7	31.6	37.0	34.1
Discontinued operations	(0.8)	(0.5)	(2.5)	(2.4)	(1.6)
	38.1	33.2	29.1	34.6	32.5
Exceptional items	0.2	1.3	8.1	0.2	(11.4)
	38.3	34.5	37.2	34.8	21.1
Finance charges	(7.2)	(6.0)	(5.5)	(5.6)	(5.7)
Profit before taxation	31.1	28.5	31.7	29.2	15.4
Taxation	(9.7)	(9.4)	(11.0)	(9.8)	(7.4)
Profit after taxation	21.4	19.1	20.7	19.4	8.0
Equity minority interests	(5.6)	(4.7)	(4.3)	(3.1)	(2.0)
Profit for the year	**15.8**	**14.4**	**16.4**	**16.3**	**6.0**
Basic EPS	12.1p	10.7p	13.6p	15.7p	2.7p
Headline EPS	11.6p	9.2p	5.7p	14.5p	9.5p
Dividend per share	10.0p	10.0p	10.0p	10.0p	10.0p
Fixed assets	142.8	137.9	157.2	160.6	135.8
Net current assets	123.0	128.9	138.1	83.0	61.2
	265.8	**266.8**	**295.3**	**243.6**	**197.0**
Financed by:					
Shareholders' funds (including minorities)	165.5	160.7	172.1	129.9	118.3
Long term creditors and provisions	100.3	106.1	123.2	113.7	78.7
	265.8	**266.8**	**295.3**	**243.6**	**197.0**
Net assets per share	**168.5p**	**164.8p**	**177.6p**	**164.3p**	**150.4p**

Notice of the Annual General Meeting of Hunting PLC

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hunting PLC will be held at the Institute of Directors, 116 Pall Mall, London SW1Y 5ED on 7 May 1996 at 10.30 am for the following purposes:

Ordinary Business

1. To consider and, if approved, adopt the Report of the Directors and Accounts for the year ended 31 December 1995. (Resolution 1)

2. To declare a final dividend of 6p per Ordinary share. (Resolution 2)

3. To re-elect the following directors both of whom retire by rotation in accordance with the Articles of Association of the Company:

   Mr. D. L. Clark (Resolution 3)

   Mr. T. L. Grievson (Resolution 4)

4. To reappoint Price Waterhouse as auditors and to authorise the directors to determine their remuneration. (Resolution 5)

Special Business

To consider and, if thought fit, pass the following Resolutions which are to be proposed, in the case of Resolutions 8, 9 and 11 as Ordinary Resolutions and in the case of Resolutions 6, 7 and 10 as Special Resolutions of the Company:

5. THAT the Articles of Association of the Company be amended as follows:

(a) the words "restricted voting" be inserted before the words "4.2 per cent. Cumulative Preference Shares" and "8.25 per cent. Cumulative Convertible Preference Shares" in the second and fourth lines of Article 4 respectively;

(b) the words "non-voting" be inserted before the words "special share" in the first line of Article 6(C)(iii)(b)(B);

(c) the word "thereof" be inserted after the word "dividend" in the second line of Article 6(D)(i)(a);

(d) the word "may" in the second line of Article 15 be deleted and be replaced with the word "shall";

(e) the words "the costs and any" in the third line of Article 15 be deleted and replaced with the words "any exceptional";

(f) the last sentence of Article 26 be deleted and replaced with the following:

> "No fee shall be charged for the registration of any instrument or transfer or other document relating to or affecting the title to any share"

(g) the words "provided that where any such shares are admitted to the Official List of the Stock Exchange, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis" be inserted after the word "lien" at the end of the first sentence of Article 27.

(h) the existing Article 44(A)(ii) be deleted and replaced with the following words:

> "the Company has at the expiration of the said period of twelve years by two advertisements, one in a national newspaper published in the United Kingdom and the other in a newspaper circulating in the area in which the last known address of the holder or the address at which service of notices may be effected in the manner authorised by these Articles is located, given notice of its intention to sell such share;"

(i) the words "or to exercise any other right conferred by membership in relation to meetings of the Company" in the last three lines of Article 79(A)(i) be deleted;

(j) the words "(including any non-cash dividend)" be inserted after the word "dividend" in the first line of Article 79(A)(ii)(a);

(k) the words "vote on or" shall be inserted in the first line of Article 87(H) after the word "not";

(l) the words "(together with any interest of any person connected with him within the meaning of Section 346 of the Companies Act 1985)" shall be inserted after the word "indirectly" in the fourth line of Article 87(H);

(m) the words "(otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company)" shall be inserted before the word ", and" in the fourth line of Article 87(H);

(n) that the words "or any of its subsidiary undertakings" be inserted after the words "or other securities of the Company" in the second line of Article 87(H)(iii) and at the end of Article 87(H)(iii);

(o) that Article 87(H)(iv) be deleted;

Notice of the Annual General Meeting of Hunting PLC

(p) that the words "owns one per cent. or more" be deleted from the second and third lines of Article 87(H)(v) and replaced with the following words:

"and any persons connected with him to the Director's knowledge hold an interest in shares (as that term is defined in Sections 198 to 211 of the Companies Act 1985) representing one per cent. or more of any class of the equity share capital or the voting rights in the Company";

(q) at the end of Article 133 insert the following:

"The Company may cease to send any cheque or warrant through the post for any dividend or other moneys payable in respect of a share which is normally paid in that manner on that share if in respect of at least two consecutive dividends payable on that share the cheques or warrants have been returned undelivered or remain uncashed (or, following one such occasion, reasonable enquiries have failed to establish any new address of the holder) but, subject to these Articles, the Company shall recommence sending cheques or warrants in respect of dividends or other moneys payable on that share if the holder or person entitled by transmission claims the arrears or dividend and does not instruct the Company to pay future dividends in some other way."

(r) by renumbering the Articles of Association as appropriate to take account of the above amendments. (Resolution 6)

6. THAT subject to and conditional on the approval by the holders of the 8.25 per cent. Cumulative Convertible Preference Shares ("Convertible Preference Shares") of the Extraordinary Resolution to be proposed at the meeting of the holders of the Convertible Preference Shares convened for 11.00 am on 7 May 1996 (or so soon thereafter as the Annual General Meeting of the Company to be held at 10.30 am on the same date shall have been concluded or adjourned), the Articles of Association of the Company be amended as follows:

(a) the word "or" in the last line of Article 6(C)(iii)(a) be deleted;

(b) the full stop at the end of Article 6(C)(iii)(b) be deleted and ";or" shall be substituted therefor; and

(c) there shall be added to Article 6(C)(iii) a new sub-paragraph 6(C)(iii)(c) as follows:

"(c) by consolidating (pursuant to the authority given by the passing of the resolution to provide the conversion process set out in this sub-paragraph 6(C)(iii)(c)) into one share all the Convertible Preference Shares held by any holder or joint holders in respect of which a conversion notice has been given and sub-dividing such consolidated share into shares of 25p each (or such nominal amount as may be appropriate as a result of any other consolidation or sub-division of Ordinary shares) of which the appropriate number of shares (determined on the basis of the applicable conversion rate from time to time) shall be Ordinary shares (and so in proportion for any other nominal amount of the consolidated share), fractional entitlements being disregarded, and the balance of such shares (including any fraction) shall be Non-voting Deferred Shares having the rights set out in this sub-paragraph 6(C)(iii)(c).

In the case of a conversion effected by means of consolidation and sub-division as provided in this sub-paragraph 6(C)(iii)(c), the Non-voting Deferred Shares arising as a result thereof shall on a return of capital on winding-up not entitle the holder to the payment of any dividend or any repayment of capital (except the sum of 1p) nor confer any other rights to participate in the profits or assets of the Company nor to receive notice of or attend or vote at any general meeting of the Company, and such conversion shall be deemed to confer irrevocable authority on the Company at any time thereafter to appoint any person to execute on behalf of the holders of such Non-voting Deferred Shares a transfer thereof (and/or an agreement to transfer the same) to such person as the Company may determine as custodian thereof and/or to purchase or cancel the same (in accordance with the provisions of the Companies Act 1985) in any such case for not more than 1p for all the Non-voting Deferred Shares without obtaining the sanction of the holder or holders thereof and pending such transfer and/or purchase to retain the certificate for such Non-voting Deferred Shares. The Company may at its option at any time after the creation of any Non-voting Deferred Shares redeem all of the Non-voting Deferred Shares then in issue, at a price not exceeding 1p for all the Non-voting Deferred Shares redeemed at any one time upon giving the registered holders of such shares not less than 28 days' previous notice in writing of its intention so to do, fixing a time and place for the redemption.

Notice of the Annual General Meeting of Hunting PLC

The Non-voting Deferred Shares will not be listed on The Stock Exchange. Upon or after redemption of any Non-voting Deferred Shares pursuant to this sub-paragraph 6(C)(iii)(c), the Directors may, pursuant to the authority given by the passing of the resolution to provide the conversion process described herein, consolidate and/or sub-divide and/or convert the authorised non-voting deferred share capital existing as a consequence of such redemption into shares of any other class of share capital into which the authorised share capital of the Company is or may at that time be divided of a like nominal amount (as nearly as may be) as the shares of such class then in issue or into unclassified shares of the same nominal amount as the Non-voting Deferred Shares."

(d) the following words be added to the end of Article 6(F)(iii):

"or any other resolution modifying the manner or manners in which such conversion, consolidation and/or sub-division are to be effected, any such other resolution to be treated as granting the requisite authority as aforesaid;" (Resolution 7.)

7. THAT

(a) the establishment of an employee share scheme known as the Hunting Executive Share Incentive Plan ("the Plan"), a copy of the rules of which have been produced to the meeting initialled by the Chairman for the purposes of identification only and a summary of the principal provisions of which is set out in the Appendix to the Chairman's circular to shareholders regarding the Plan dated 28 March 1996, be and is hereby approved; and

(b) the directors of the Company be and are hereby authorised to do all things necessary or expedient including making amendments to the Rules of the Scheme whether to take account of any comments of the London Stock Exchange or to otherwise establish and carry the Plan into effect; and

(c) the directors of the Company be and they are hereby authorised to issue new shares to the Trustee of The Hunting Employees' Share Trust ("the Trustee") for the purposes of, and subject to the terms and limitations imposed by, the Plan.

(d) The directors be authorised to vote, and be counted in the quorum, on any matter connected with the Plan, notwithstanding that they may be interested in the same (except that no director may be counted in the quorum or vote in respect of that director's own participation) and the provisions of the Articles of Association of the Company be relaxed to that extent. (Resolution 8.)

8. THAT the directors be and they are hereby generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985 ("the Act"), to exercise all or any of the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) up to an aggregate nominal amount of £6,701,447, such authority to expire (unless previously revoked or renewed by the Company in General Meeting) on a date being five years after the passing of this Resolution, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired and provided further that this authority shall be in substitution for and supersede and revoke any earlier such authority conferred on the directors. (Resolution 9.)

9. THAT, subject to the passing of Resolution 9, the directors be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (as defined in Section 94 of that Act) for cash, pursuant to the general authority conferred on them by Resolution 9 above as if sub-section (1) of Section 89 of that Act did not apply to such allotment, save that this power shall be limited to:

(a) the allotment of equity securities in connection with an issue or offer in favour of ordinary shareholders on the register, on a date fixed by the directors, where the equity securities respectively attributable to the interests of all ordinary shareholders are (as nearly as practicable) in proportion to the respective numbers of ordinary shares held by them but subject to such exclusions or other arrangements (which may include the offer of such equity securities to the holders of the 8.25 per cent. Cumulative Convertible Preference shares ("the Convertible Preference Shares") on terms which reflect the rights and privileges attached to such shares) as the directors

Notice of the Annual General Meeting of Hunting PLC

may deem necessary or expedient in relation to the rights of the holders of the Convertible Preference shares, fractional entitlements or any legal or practical problems under the laws of any overseas territory or the requirements of any regulatory body or stock exchange; and

(b) the allotment of equity securities for cash (otherwise than as mentioned in paragraph (a) of this Resolution) up to an aggregate nominal amount of £1,227,427;

and shall expire (unless previously renewed or revoked by the Company in General Meeting) at the earlier of the conclusion of the next Annual General Meeting of the Company or fifteen months from the passing of this Resolution, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired. (Resolution 10.)

10. THAT the directors be and they are hereby authorised pursuant to Article 127 of the Articles of Association of the Company:

(a) to exercise the power contained in Article 127 so that, to such extent, if at all, as may be determined by the directors, the holders of ordinary shares be permitted to elect to receive new ordinary shares of 25p each in the capital of the Company, credited as fully paid, instead of all or any part of any dividend declared, or proposed to be declared, at the Annual General Meeting at which this Resolution is passed or at any time prior to the conclusion of the next following Annual General Meeting; and

(b) to capitalise the appropriate nominal amount of new ordinary shares falling to be allotted pursuant to elections made as aforesaid out of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account and share premium account) or otherwise available for distribution as the directors may determine, to apply such sums in paying up such ordinary shares and to allot such ordinary shares to the holders of ordinary shares in the Company making such elections in accordance with their respective entitlements. (Resolution 11.)

By order of the Board
D. L. Clark
Secretary

Registered Office:
3 Cockspur Street
London SW1Y 5BQ
28 March 1996

Notes:

1. Any member entitled to attend and vote at the above Meeting may appoint a proxy to attend, and on a poll only, vote on his behalf. A proxy need not also be a member of the Company.
2. To be valid, the enclosed reply-paid form of proxy, together, if appropriate, with the Power of Attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must be deposited at the offices of Lloyds Bank Registrars, The Causeway, Worthing, West Sussex BN12 6DB, no later than 10.30 a.m. on 5 May 1996.
3. Completion and return of the form of proxy will not preclude ordinary shareholders from attending the Meeting and voting in person if they wish to do so.
4. Save as referred to in note 5 below only registered holders of Ordinary shares may attend and vote or be represented at the Meeting.
5. The 8.25 per cent. Cumulative Convertible Preference Shares (the "Convertible Preference shares") do not carry the right to attend or vote at the Annual General Meeting except to the extent any resolution proposed at the Annual General Meeting varies, modifies, alters or abrogates any of the rights attaching to the Convertible Preference shares in which case the Convertible Preference shares shall carry the right to attend the Annual General Meeting and to vote on that resolution (but not to vote on any other resolution). The Board considers Resolution 7 constitutes such a variation, modification, alteration or abrogation of the rights attaching to the Convertible Preference shares and accordingly holders of such shares may attend the Annual General Meeting and vote on Resolution 7 or appoint a proxy to attend and, on a poll only, vote on his behalf. Completion and return of the form of proxy will not preclude holders of Convertible Preference shares from attending and voting in person if they wish to do so.
6. Documents for Inspection — Copies of:
   —the directors' service contracts
   —the register of directors' and their families interests in the share capital of the Company
   —the Rules of the Hunting Executive Share Incentive Plan
   —the Trust Deed constituting the Hunting Employees' Share Trust
   —the Articles of Association of the Company, both existing and as amended by the proposed Resolutions 6 and 7

   will be available for inspection at the registered office of the Company, 3 Cockspur Street, London SW1Y 5BQ, during normal business hours on any weekday (excluding Saturdays and public holidays), from the date of this Notice and from 10.00 a.m. on 7 May 1996 at the Institute of Directors, 116 Pall Mall, London SW1Y 5ED until the conclusion of the Meeting of the holders of the Convertible Preference shares to be held after the Annual General Meeting or any adjournment thereof.

Notice of a Meeting of the Holders of the 8.25 per cent. Cumulative Convertible Preference Shares

NOTICE IS HEREBY GIVEN that a meeting of the holders of the 8.25 per cent. Cumulative Convertible Preference Shares of £1 each in the capital of Hunting PLC will be held at the Institute of Directors, 116 Pall Mall, London SW1Y 5ED on 7 May 1996 at 11.00 am (or as soon thereafter as the Annual General Meeting of the Company convened for 10.30 am on that date shall have been concluded or adjourned) for the purposes of considering and, if thought fit, passing the following Resolution which will be proposed as an extraordinary resolution:

Resolution

THAT any variations, modifications, alterations and/or abrogations of the rights attaching to the 8.25 per cent. Cumulative Convertible Preference Shares of £1 each in the capital of Hunting PLC (the "Company") resulting from the amendments to the Articles of Association of the Company set out below be and are hereby approved:

(a) the word "or" in the last line of Article 6(C)(iii)(a) be deleted;

(b) the full stop at the end of Article 6(C)(iii)(b) be deleted and "; or" shall be substituted therefor; and

(c) there shall be added to Article 6(C)(iii) a new sub-paragraph 6(C)(iii)(c) as follows:

"(c) by consolidating (pursuant to the authority given by the passing of the resolution to provide the conversion process set out in this sub-paragraph 6(C)(iii)(c) into one share all the Convertible Preference Shares held by any holder or joint holders in respect of which a conversion notice has been given and sub-dividing such consolidated share into shares of 25p each (or such nominal amount as may be appropriate as a result of any other consolidation or sub-division of Ordinary shares) of which the appropriate number of shares (determined on the basis of the applicable conversion rate from time to time) shall be Ordinary shares (and so in proportion for any other nominal amount of the consolidated share), fractional entitlements being disregarded, and the balance of such shares (including any fraction) shall be Non-voting Deferred Shares having the rights set out in this sub-paragraph 6(C)(iii)(c).

In the case of a conversion effected by means of consolidation and sub-division as provided in this sub-paragraph 6(C)(iii)(c), the Non-voting Deferred Shares arising as a result thereof shall on a return of capital on winding-up not entitle the holder to the payment of any dividend or any repayment of capital (except the sum of 1p) nor confer any other rights to participate in the profits or assets of the Company nor to receive notice of or attend or vote at any general meeting of the Company, and such conversion shall be deemed to confer irrevocable authority on the Company at any time thereafter to appoint any person to execute on behalf of the holders of such Non-voting Deferred Shares a transfer thereof (and/or an agreement to transfer the same) to such person as the Company may determine as custodian thereof and/or to purchase or cancel the same (in accordance with the provisions of the Companies Act 1985) in any such case for not more than 1p for all the Non-voting Deferred Shares without obtaining the sanction of the holder or holders thereof and pending such transfer and/or purchase to retain the certificate for such Non-voting Deferred Shares. The Company may at its option at any time after the creation of any Non-voting Deferred Shares redeem all of the Non-voting Deferred Shares then in issue, at a price not exceeding 1p for all the Non-voting Deferred Shares redeemed at any one time upon giving the registered holders of such shares not less than 28 days' previous notice in writing of its intention so to do, fixing a time and place for the redemption.

The Non-voting Deferred Shares will not be listed on The Stock Exchange. Upon or after redemption of any Non-voting Deferred Shares pursuant to this sub-paragraph 6(C)(iii)(c), the Directors may, pursuant to the authority given by the passing of the resolution to provide the conversion process described herein, consolidate and/or sub-divide and/or convert the authorised non-voting deferred share capital existing as a consequence of such redemption into shares of any other class of share capital into which the authorised share capital of the Company is or may at that time be divided of a like nominal amount (as nearly as may be) as the shares of such class then in issue or into unclassified shares of the same nominal amount as the Non-voting Deferred Shares."

(d) the following words be added to the end of Article 6(F)(iii):

"or any other resolution modifying the manner or manners in which such conversion, consolidation and/or sub-division are to be effected, any such other resolution to be treated as granting the requisite authority as aforesaid;"

By order of the Board
D. L. Clark
Secretary

Registered Office:
3 Cockspur Street
London SW1Y 5BQ
28 March 1996

Notes:

1. A holder of 8.25 per cent. Cumulative Convertible Preference Shares entitled to attend and vote at the above mentioned meeting may appoint a proxy to attend, and on a poll only, vote on his behalf. A proxy need not be a member of the Company.
2. To be valid, the enclosed reply-paid form of proxy, together, if appropriate, with the Power of Attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must be deposited at the offices of Lloyds Bank Registrars, The Causeway, Worthing, West Sussex BN12 6DB no later than 11.00 am on 5 May 1996.
3. Completion and return of the form of proxy will not preclude Convertible Preference shareholders from attending the Meeting and voting in person if they wish to do so.
4. Documents for inspection—Copies of the Articles of Association of the Company, both existing and as amended by the proposed Resolutions 6 and 7 in the Notice of Annual General meeting on page 62 and will be available for inspection at the registered office of the Company, 3 Cockspur Street, London SW1Y 5BQ during normal business hours on any weekday (excluding Saturdays and public holidays), from the date of this Notice and from 10.00 a.m. on 7 May 1996 at the Institute of Directors, 116 Pall Mall, London SW1Y 5ED until the conclusion of the Meeting, or any adjournment thereof.

Shareholder Information

FINANCIAL CALENDAR

MAY 7	Annual General Meeting
MAY 31	8.25% Preference Dividend Payment
JUNE 30	4.2% Preference Dividend Payment
JULY 2	Final Ordinary Dividend Payment
SEPTEMBER	Announcement of Interim Results
NOVEMBER 30	8.25% Preference Dividend Payment
DECEMBER	Interim Ordinary Dividend Payment
DECEMBER 29	4.2% Preference Dividend Payment

ANALYSIS OF ORDINARY SHAREHOLDERS

The Company has 2,117 Ordinary shareholders (1994 – 2,084) who hold 98.2 million (1994 – 97.5 million) Ordinary shares between them, analysed as follows:

SIZE OF HOLDINGS	1995 % of total shareholders	1995 % of total shares	1994 % of total shareholders	1994 % of total shares
1– 4,000	75.30	1.60	75.58	1.49
4,001– 20,000	13.27	2.33	13.68	2.37
20,001– 40,000	2.60	1.60	2.16	1.33
40,001–200,000	4.35	8.77	4.32	9.29
200,001–500,000	2.46	16.56	2.35	16.55
500,001 and over	2.02	69.14	1.91	68.97

SHARE INFORMATION

The Shares of the Company are quoted on London Stock Exchange Ltd.

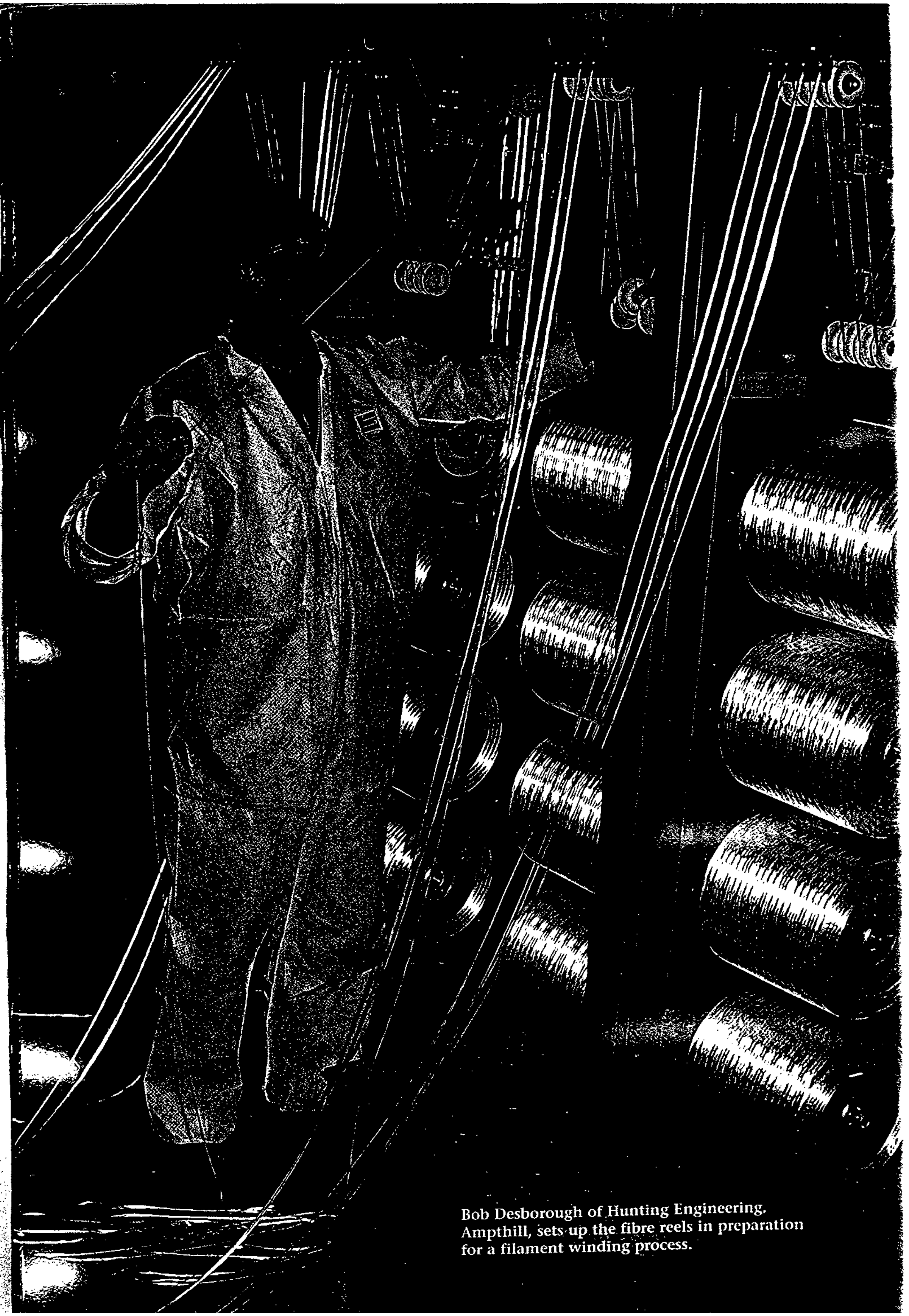
Ordinary Shares
Tel: 0836 432942
Convertible Preference Shares
Tel: 0836 435244

MARKET MAKERS

The following companies have indicated to the London Stock Exchange that they make a market in the Company's Ordinary Shares:

Barclays de Zoete Wedd Securities
NatWest Securities
Merrill Lynch
SBC Warburg

Designed by Window On The World, London and printed by Park Communications, London 47/34150 on environmentally friendly, cholorine free paper.



Bob Desborough of Hunting Engineering, Ampthill, sets up the fibre reels in preparation for a filament winding process.