

22/23 Directors' report

The directors present their report and the audited accounts of the Group for the year ended 31 December 2000.

Principal activities The principal activities of the Group and its subsidiary undertakings during the year were the manufacture and sale of electronic measurement products for the aerospace, energy and process markets and electronic lighting and electromagnetic products for the communications and transportation markets.

Review of the businesses and future developments A review of the businesses during the year, and the Group's prospects can be found in the Chairman's statement, the Chief Executive's review and the Finance Director's review on pages 2 to 19.

Group profit and loss account and dividends The Group profit and loss account is set out on page 28.

The directors recommend a final dividend of 6.5p net per share, amounting to £3,679,000. This, together with the interim dividend of 3.0p net per share paid on 20 October 2000 and amounting to £1,693,000, gives 9.5p net per share amounting to £5,372,000. The recommended final dividend, if approved at the Annual General Meeting, will be payable on 27 April 2001 to members on the register at close of business on 23 March 2001.

Directors The board of directors at the date of this report are detailed on page 21, together with brief biographical details.

In accordance with the Articles of Association Sir Alan Cockshaw and L C N Bury retire by rotation at the Annual General Meeting. Sir Alan Cockshaw is a member of the remuneration and audit committees and being eligible, will offer himself for re-election. Lindsay Bury will not be standing for re-election.

Substantial shareholdings The only shareholders, other than directors, with a declared holding of 3% or more of the issued share capital of the company, are as follows:

	6 March 2001 ordinary shares of 1p each	Percentage of issued ordinary shares of 1p each
CGNU plc	6,714,833	11.87%
Legal & General Investment Management	2,777,602	4.91%
Fidelity International Limited	2,514,168	4.44%
Prudential plc	2,262,258	4.00%
Aberforth Smaller Companies Trust Plc	2,037,200	3.60%

Social policy The Roxboro Group PLC takes its responsibilities to its employees, customers and shareholders seriously but it also recognises its social responsibilities.

Roxboro has a policy of not making donations to political groups, parties or individuals, but has a positive policy of supporting worthwhile institutions which benefit either the communities in which the Group operates or the industry in which the Group works.

Roxboro is a sponsor of YEDA (the Young Electronic Design Award) which encourages young people to take an interest in electronics technology while still at school. HRH the Duke of York is the YEDA Patron. The directors believe this two year sponsorship of £12,500 per annum to be an important initiative in addressing the skills shortage in the United Kingdom and showing young people the attractions of the electronics industry.

Roxboro is also proud to be the principal sponsor of Cantate, a group which encourages young people from 8 to 18 years of age to participate in music. Roxboro has supported this group which draws its members from Hertfordshire and Cambridgeshire and has two choirs through a three year sponsorship of £10,000 per annum. The Cantate Junior Choir won the Sainsbury Junior Choir of the Year Competition at the Royal Albert Hall at the end of 2000, an achievement in which Roxboro was proud to have played a part.

Political and charitable contributions No contributions were made for political purposes. A total of £3,000 was donated to various charities.

Employee involvement The Group recognises the importance of good communications and relations with its employees. As the Group operates internationally its employment policies are designed to meet local conditions and requirements, and enable any special needs to be accommodated within the particular environment.

Staff appraisals and consultations take place between individuals and local management with training and development undertaken locally. All employees are given equal opportunities to develop their experience and their careers.

It is Group policy to keep employees as fully informed as possible on matters which affect them through communication procedures which include regular briefings, consultative committees on each site and through a regular Group newsletter and Employee Annual Report.

Disabled employees The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Employees who become disabled are provided, wherever practicable, with continuing employment under normal terms and conditions and are provided with training and career development wherever appropriate.

Engineering technology The Group continues to increase the resources engaged in technology and product development in both the UK and the USA, and to update and expand its product range. Investment in this area is essential for the Group to retain and increase its market share in its competitive markets.

Creditor payment policy and practice Terms of payment are agreed with individual suppliers prior to supply. It is the Group's policy to settle with its suppliers as payments fall due, provided the supplier has delivered the goods and services in accordance with agreed terms and conditions. As the Company is a non-trading holding Company it therefore has no trade creditors.

Going concern The directors are of the opinion that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

Special business at the Annual General Meeting The resolutions that will be proposed at the Annual General Meeting on 25 April 2001 are set out in the Notice of Annual General Meeting on pages 46 to 47 of this document. Resolutions 1 to 4 are resolutions relating to ordinary business, whilst resolutions 5 to 9 will be special business. Details of the resolutions relating to special business are set out below:

Special resolution 5 seeks to renew the authority from shareholders to enable the Company to purchase its own ordinary shares. This authority will apply for up to 5,657,662 ordinary shares, representing 10% of the Company's issued ordinary share capital. Purchases will only be made on the London Stock Exchange at a maximum price per share equal to 105% of the average middle market quotations for an ordinary share of the Company taken from the Daily Official List of the UK Listing Authority for the five business days immediately before the day on which the ordinary shares are purchased. If granted, the authority will expire at the conclusion of the Annual General Meeting in 2002 or within 15 months of the passing of this resolution, whichever is the earlier.

The directors are of the opinion that this authority, if renewed, will continue to give them greater flexibility to manage the issued share capital of the Company for the benefit of the shareholders and would only use this authority if it is for the benefit of the shareholders as a whole. The directors have no present intention of exercising the authority conferred by this resolution.

Ordinary resolution 6 gives authority to the directors to allot ordinary shares up to an aggregate nominal amount of £164,234 being the authorised ordinary share capital less issued share capital, and representing approximately 30% of the ordinary share capital in issue at the date of the Notice of the Annual General Meeting. If granted, the authority will expire at the earlier of the conclusion of the Annual General Meeting to be held in 2002 and the date 15 months from the date of the passing of the resolution, and will replace a similar authority granted on 19 April 2000 and which expires at the conclusion of the forthcoming Annual General Meeting. Save for any ordinary shares issued pursuant to the exercise of options granted under the Share Option Schemes, the directors have no present intention of exercising the authority conferred by this resolution.

Special resolution 7 seeks authority for the directors, until the earlier of the conclusion of the Annual General Meeting to be held in 2002 and the date 15 months from the date of the passing of the resolution, to make issues of equity securities for cash made otherwise than to existing shareholders in proportion to their existing shareholdings up to an aggregate nominal amount of £28,288 being the equivalent of approximately 5% of the ordinary share capital in issue on the date of the notice of the Annual General Meeting. The power will, if granted, replace the similar power conferred on the directors on 19 April 2000.

Special resolution 8 seeks approval for the adoption of new Articles of Association for the Company to update the existing Articles of Association to reflect the establishment of the UK Listing Authority and the transfer of certain functions from the London Stock Exchange to that body. The Company is taking this opportunity to make certain other minor amendments to the Articles of Association to assist the administration of the Company and, in particular, to allow directors to remain on the board of the Company beyond their seventieth year provided that they retire and stand for reappointment annually. The main changes to the Articles of Association are set out in the appendix on page 47.

Under ordinary resolution 9, Peter Curry, who is aged 70 and who will retire at the Annual General Meeting, seeks reappointment to the board pursuant to the terms of Article 80 of the new Articles of Association. This resolution is conditional upon the passing of resolution 8.

Auditors A resolution to reappoint Ernst & Young as auditors will be proposed at the Annual General Meeting.

Ernst & Young have stated that during 2001, it is intending to transfer its business to a limited liability partnership, incorporated under the Limited Liability Partnerships Act 2000, to be called Ernst & Young LLP. If this happens, it is the current intention of the directors to use their statutory powers to treat the appointment of Ernst & Young as extending to Ernst & Young LLP.

By order of the board

C A Buckley
Company Secretary
15 March 2001