

# Directors' report

The directors present their report and the audited accounts of the Group for the year ended 31 December 2002.

## 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 13.

## Group profit and loss account and dividends

The Group profit and loss account is set out on page 24.

The directors recommend a final dividend of 6.9p per share, amounting to £3,916,000. This final dividend together with the interim dividend of 3.1p per share paid on 21 October 2002, which amounted to £1,759,000, gives a total dividend for the year of 10p per share amounting to £5,675,000. The recommended final dividend, if approved at the Annual General Meeting, will be payable on 29 April 2003 to members on the register at close of business on 28 March 2003.

## Directors

The members of the board of directors at the date of this report are detailed on pages 14 to 15, together with brief biographical details.

In accordance with the Articles of Association, Sir A. Cockshaw and Mr H L Tee will retire at the forthcoming Annual General Meeting by rotation and being eligible offer themselves for reappointment. Sir A Cockshaw is a member of the remuneration, nominations and audit committees. Peter Curry will not be standing for re-election.

## Substantial shareholdings

The following shareholders, other than directors, had notified the Company of a holding of 3% or more of the issued share capital of the Company:

	6 March 2003 ordinary shares of 1p each	Percentage of issued ordinary shares of 1p each
Aberforth Partners	11,011,500	19.4%
Aviva	5,603,848	9.9%
FMR Corporation	4,215,080	7.4%
Legal and General Investment Management	2,320,678	4.1%
Prudential PLC	2,024,133	3.6%

## 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 we operate or the industry in which we work.

## Environmental policy

The Group recognises its responsibility for the environment in which it operates. The business operations within the Group have a minimal environmental impact. Each business operates within a policy of reducing the environmental effects of its operations and to meet any statutory requirements placed on it.

## Political and charitable contributions

No contributions were made for political purposes. A total of £10,000 (2001: £5,000) 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 and fair 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 invest strongly 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. At 31 December 2002, the Group had an average of 45 days' purchases outstanding in 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 23 April 2003 are set out in the Notice of Annual General Meeting on pages 46 to 47 of this document. Resolutions 1 to 5 are resolutions relating to ordinary business, whilst resolutions 6 to 11 will be special business. Details of the resolutions relating to special business are set out below:

**Ordinary resolution 6** proposes that the limit on the aggregate annual sum authorised by the Company's Articles of Association and which may be paid to the non-executive directors of the Company for their services be increased to £200,000.

**Special resolution 7** seeks to renew the authority from shareholders to enable the Company to purchase its own ordinary shares.

**Ordinary resolution 8** gives authority to the directors to allot ordinary shares up to an aggregate nominal amount of £162,461 being the authorised ordinary share capital less issued share capital, and representing approximately 29% of the ordinary share capital in issue at the date of the Notice of the Annual General Meeting.

**Special resolution 9** seeks authority for the directors, until the earlier of the conclusion of the Annual General Meeting to be held in 2004 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 £28,377 being the equivalent of approximately 5% of the ordinary share capital in issue on the date of the notice of the Annual General Meeting.

As a result of the new requirements introduced into Section 241A of the Companies Act, 1985, resolution 10, which is an ordinary resolution, seeks shareholder approval of the directors' remuneration report, which is set out on pages 18 to 21 of this document.

**Special resolution 11** ratifies the payments made during the years ended 31 December 2000 and 31 December 2001 by the Company to the non-executive directors of amounts in excess of the maximum aggregate annual sum of £100,000 permitted under Article 87 of the Articles of Association.

Finally, the non-executive directors agreed that £33,000 of the fees due for services provided during the year ended 31 December 2002 were not paid to them to ensure that the Company did not make payments in breach of the Articles. The final part of the resolution approves the payment of these aggregate fees of £33,000.

### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit Plc as auditors will be proposed at the Annual General Meeting.

By order of the board

**C A Buckley** Company Secretary  
18 March 2003