

Chairman's statement

"Profit before goodwill and tax was up 100% to £10.2m and adjusted EPS showed a 75% improvement to 22p per share. Group operating cash flows were strong at £13.2m."



Roxboro's total shareholder return outperformed the FTSE electronic and electrical equipment TSR. We achieved 53% growth over five years whereas the electronic sector fell by 68%.

We are pleased to report Roxboro's continuing operations made excellent progress in 2004, demonstrated by a substantial improvement in operating profit before goodwill that showed an 87% increase to £10.2m (2003: £5.4m). On a constant currency basis operating profit would have doubled to £10.8m. This success was achieved despite turnover being marginally lower than in the previous year at £118.9m (2003: £122.2m) entirely due to currency movements having the effect of reducing sales by over £6m. On a constant currency basis turnover would have shown a 2.5% increase.

Profit before goodwill and tax was up 100% to £10.2m (2003: £5.1m continuing operations only) and adjusted EPS showed a 75% improvement to 22p per share (2003: 12.6p per share). Group operating cash flows were strong at £13.2m, up 25% on the prior year (2003: £10.6m) which represents 130% of operating profit. At the year end the Group had a cash balance of £6.8m (2003: £2.0m).

Group operating profit in the second half showed a 22% advance over the first half. In the main this was due to the significant advances made by the Signals business unit of Dialight, which made a good profit contribution in the second half as a result of the benefits derived from relocating production to Mexico in 2003. Our Mexico operation is now functioning efficiently with excellent local management in place.

Dividend

The Board is recommending an increased final dividend of 7.6p (2003: 6.9p) to be paid on 13 May 2005 to shareholders on the register at 29 March 2005. As a result total dividends per share for 2004 will be 11p, an increase of 10% on the 2003 level.

Staff

There has been a significant change in the distribution of our employees over the past two years with over 460 now being employed in Mexico. We wish to welcome all our new colleagues and to thank them, together with all of the Group's other employees for their hard work and commitment over the past year.

Outlook

The order book at the year-end was strong, particularly at Solartron, and trading in the early part of the current year is ahead of the same period last year. Order intake rates at Dialight Opto-electronics picked up somewhat from the lower rates in the second half of last year, and increasing demand for solid state obstruction lighting products has continued.

Consequently the Board is confident that the Group will show further progress in the current year.

Sir Alan Cockshaw
Chairman

