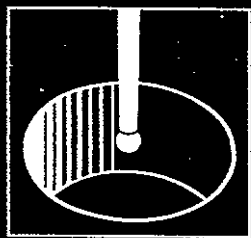
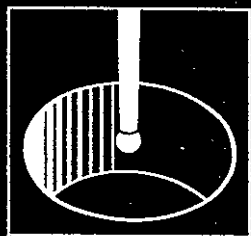


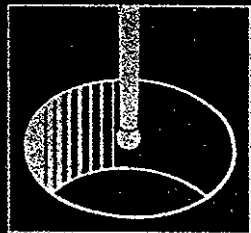
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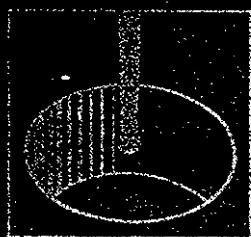
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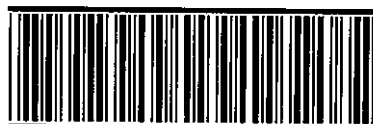


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Annual Report 1995

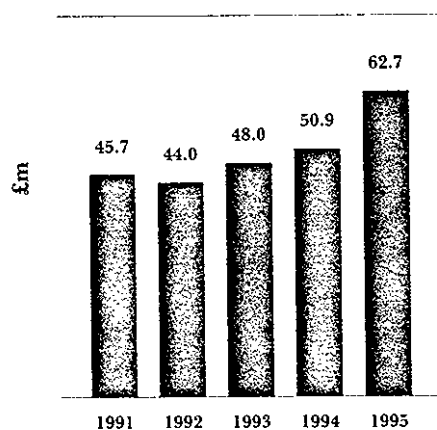


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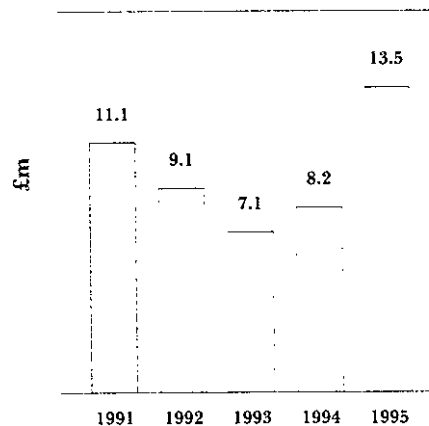
Results at a glance and financial highlights

	1995 £'000	1994 £'000	Increase %
Turnover	62,662	50,874	23
Profit before taxation	13,535	8,222	65
Taxation	3,831	2,379	61
Profit after taxation	9,704	5,843	66
Earnings per share	18.04p	10.87p	66
Dividend per share	7.21p	6.27p	15

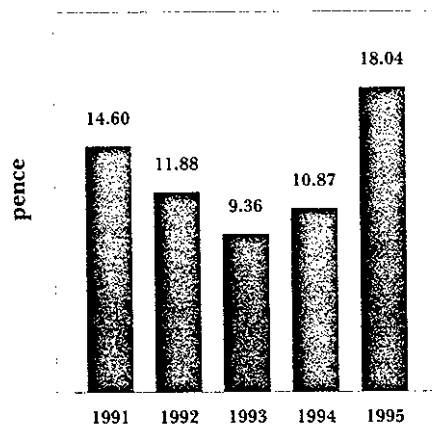
Turnover



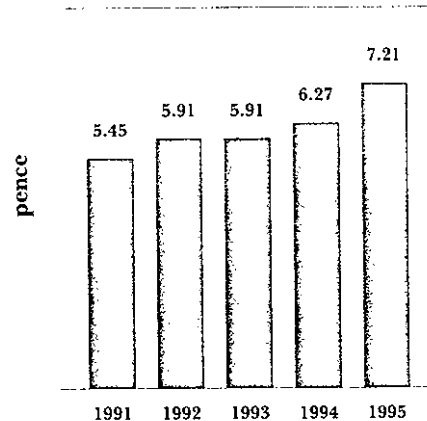
Profit before taxation



Earnings per share



Dividend per share



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Directors and advisers



David McMurtry



John Deer



Ben Taylor



Allen Roberts



Leo Brook

DAVID McMURTRY, CBE, RDI, Chairman and Chief Executive, age 55, was employed by Rolls-Royce plc, Bristol, for 17 years, latterly holding the positions of Deputy Chief Designer and Assistant Chief of Engine Design of all Rolls-Royce engines manufactured at the Filton, Bristol, works. After inventing the original probe in the early 1970s, David McMurtry founded Renishaw in 1973 with John Deer and joined Renishaw full time in 1976. In 1987 he was a member of a four-man team of Renishaw engineers awarded the MacRobert Award. His CBE was awarded "for services to Science and Technology" and he was appointed a Royal Designer for Industry (RDI) in 1989. He is a visiting Professor of Huddersfield University and was awarded an honorary Doctorate of Engineering of the University of Birmingham. He is a Fellow of the American Society of Manufacturing Engineers, he sits on the US Standards Committee for Co-ordinate Measuring Machines and is a member of the UK Patents Office Steering Board. In addition to his role as Chairman and Chief Executive, he also has responsibility for group technology.

JOHN DEER, Deputy Chairman, age 57, trained as a mechanical engineer and worked for Rolls-Royce plc, Bristol, from 1960 until 1974. He was Managing Director of Renishaw from 1974 until 1989, primarily involved in the commercial direction of the Group, with particular emphasis in marketing and the establishment of the Group's wholly owned subsidiaries in USA, Ireland, Japan, Germany, France and Italy. In 1987 he was a member of a four-man team of Renishaw engineers awarded the MacRobert Award. He is responsible for group manufacturing and patents, and is Chairman of the overseas marketing subsidiaries.

BEN TAYLOR, Assistant Chief Executive, age 46, has been involved in the field of metrology all his working life, after graduating in mechanical engineering and design from Pennsylvania State University. Prior to joining Renishaw Inc as President in 1985, he was the Director of Engineering at Sheffield Measurement, USA. Ben Taylor was appointed to the Board of Renishaw plc in 1987 and is responsible for group marketing, international operations, group quality, strategy and planning and human resources. He chairs a US national metrology committee and also serves on various ISO metrology committees and other professional associations.

ALLEN ROBERTS, Finance Director, age 46, is a Fellow of the Institute of Chartered Accountants in England and Wales. Prior to joining the Company in 1979, he was employed for 11 years by Peat, Marwick, Mitchell & Co. He was appointed a director in 1980. Allen Roberts heads group finance, business systems and Wotton Travel and is the company secretary.

LEO BROOK, a non-executive director, age 83, joined Renishaw in 1980. He is an engineer of long experience and has held many directorships and senior appointments in the engineering industry. He was Chairman of Simon Engineering plc from 1970 to 1977 and Chairman of Associated Nuclear Services from 1977 to 1990.

Company secretary and registered office

A.C.G. Roberts, FCA
New Mills, Wotton-under-Edge
Gloucestershire, GL12 8JR
Registered number: 1106260
Telephone: (01453) 524524
Telex: 437120 RENMET G
Facsimile: (01453) 524001
Internet: 100141.2216@compuserve.com

Principal bankers

Lloyds Bank Plc
Société Générale

Auditors

KPMG

Solicitors

Norton Rose

Stockbrokers

SBC Warburg

Registrars and transfer office

Lloyds Bank Registrars
The Causeway, Worthing
West Sussex, BN99 6DA
Telephone: (01903) 502541

Chairman's statement

Trading results and dividend

I am delighted to announce record results for the Group. Profit before taxation for the year to 30th June 1995 was £13.5m (compared with £8.2m in the previous year), an increase of 65%. Profit after tax amounted to £9.7m (1994 £5.8m) giving earnings per share of 18.04p, a 66% increase over the 10.87p per share for the previous year.

Turnover increased to £62.7m from £50.9m, principally due to a strong recovery in sales to Germany and Japan and a continuing growth in demand for products across our product range and in our other major markets. Pressure on containing overhead and distribution costs has been maintained and interest receivable has benefited from a rise in interest rates during the year.

A final dividend of 4.71p per ordinary share is recommended, giving a total dividend for the year of 7.21p (1994 6.27p), an increase of 15% after adjustment for the 1994 capitalisation issue.

Research and development

The Group is committed to be at the forefront in the business sectors in which it operates, namely products for co-ordinate measuring machines and machine tools, calibration systems, scanning systems, raman microscopes and linear scales, and continues to devote substantial and increasing research resources to achieve this end.

Continuing this commitment, £7.3m has been spent during the year on product and process engineering, including research and development expenditure of £4.6m (1994 £3.5m), which compares with a total of £6.0m in 1994. A number of new products are being introduced this year with a significant number in development for the future. Whilst there has been solid growth in the core products, much of the additional turnover in the last few years is attributable to products recently developed by the Group.

Manufacturing

The Group continues to focus on improving manufacturing and assembly efficiencies, reducing unit costs and increasing product throughput. During the year, group stockholding levels have been increased to satisfy shorter customer lead-time requirements and to meet an increased level of activity.

Marketing

Further investment has been made in the Group's marketing activities both in UK and overseas and new market opportunities are under consideration. Each of the Group's worldwide subsidiaries has contributed to the increase in turnover.

Queen's Award

In April, Renishaw Transducer Systems Division was granted a Queen's Award for Technological Achievement in respect of its QC10 ballbar, used to check rapidly the accuracy of CNC machine tools. This was the eighth Queen's Award granted to the Group - five for export and three for technological achievement.

Capitalisation issue

In order to bring the issued share capital more into line with the capital employed in the business, the Board is proposing a one for eight capitalisation issue of new shares. The new shares, if shareholders approve this proposal, will rank equally with the existing ordinary shares, except that they will not rank for the final dividend in respect of the year ended 30th June 1995. The Company's present authorised share capital is insufficient to permit the implementation of the capitalisation issue. Accordingly, it is proposed also to increase the authorised share capital from £11,000,000 to £15,000,000.

Personnel

These results reflect the strong commitment of the staff throughout the Group, both in UK and abroad and the Board expresses sincere thanks to them all.

Current trading and outlook

The upturn in trading which we experienced last year has continued into the first quarter of the current year. Whilst we cannot predict how long this upturn will be maintained in our markets worldwide, we remain confident for the future.

D.R. McMurtry
Chairman and Chief Executive
28th September 1995

Financial review

Introduction

There have been no changes in accounting policies during the year. The formats of the profit and loss account and balance sheet are also unchanged.

Exchange rates

The results of overseas subsidiary undertakings are translated into sterling by translating the monthly results at each month's exchange rate, thereby resulting in a weighted average exchange rate being applicable. The weighted average exchange rates used for the year for the major currencies are shown opposite, compared with the previous year.

Weighted average (wa) and year end (ye) exchange rates

		1995	1994	% change
US\$	wa	1.58	1.50	-5%
	ye	1.59	1.54	-3%
Yen	wa	149	158	+6%
	ye	135	152	+11%
DM	wa	2.36	2.52	+6%
	ye	2.20	2.46	+11%
FFr	wa	8.17	8.65	+6%
	ye	7.71	8.43	+9%
ItL	wa	2,563	2,447	-5%
	ye	2,600	2,440	-7%

Results for the year

Group sales for the year amounted to £62.7m, compared with £50.9m in 1994, an increase of 23%, or £11.8m and represents higher sales in all our markets and business sectors. Both Germany and Japan have seen much improved sales, after lower amounts in 1994 compared with 1993.

As noted in the Chairman's statement, we have continued to invest significant resources into engineering and new product research. This year's investment of £7.3m was an increase of 22% over the previous year and included research and development expenditure of £4.6m, a 31% increase on 1994.

The increase in distribution costs reflects our investment in improving and expanding our sales and marketing support which is required to meet the growth in sales of existing and new products. Our Hong Kong subsidiary and our Beijing representative office moved to larger premises during the year and new and improved demonstration areas have been installed throughout the Group. Distribution costs represent 19% of sales, which is in line with the previous year.

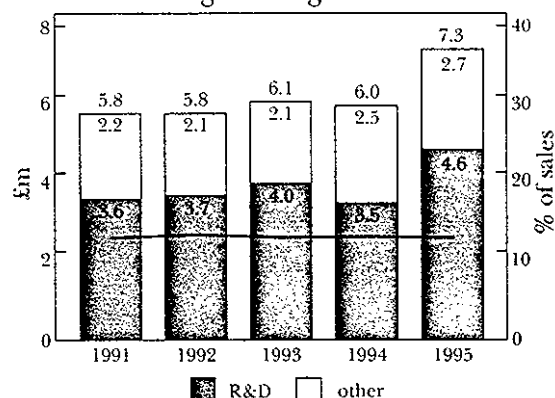
Administration costs have been held to an 8% increase over the previous year and at £10.2m, represent 16% of sales, compared with 18% in 1994.

Operating profit, at £11.9m, was £4.7m greater than 1994, an increase of 65%.

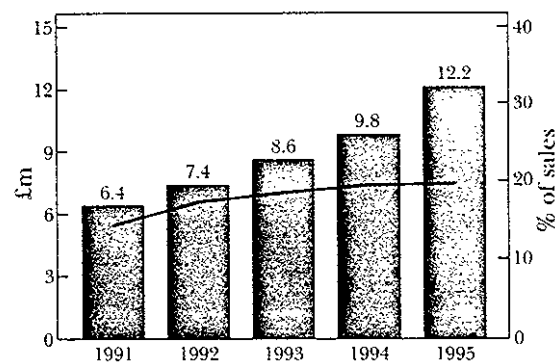
Net interest receivable increased to £1.7m from £1.0m in 1994. This is the result of both higher levels of cash balances this year and also higher interest rates.

Profit before tax of £13.5m was 65% higher than the £8.2m for 1994. With an overall tax rate similar to the previous year of 28%, profit for the financial year was 66% up from £5.8m to £9.7m, equivalent to earnings per share of 18.04p (1994 10.87p), also 66% higher.

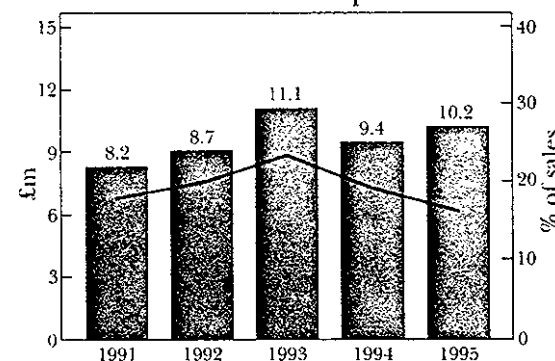
Engineering costs



Distribution costs



Administrative expenses



A proposed final dividend of 4.71p gives a total dividend for the year of 7.21p, 15% higher than 1994, with dividend cover increasing from 1.7 times to 2.5 times.

Treasury and cash

Net cash balances increased during the year from £22.2m to £26.0m.

The cash resources are held to support the continuing growth of the Group and its ongoing commitment to be at the technological forefront in its chosen business sectors. Acquisition possibilities are considered from time to time and if any were deemed suitable, they would be financed using these cash resources.

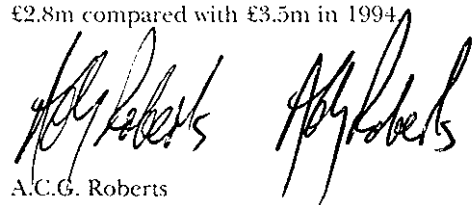
All sterling and foreign currency balances not immediately required for group operations are placed with leading international highly rated financial institutions, primarily through our investment management subsidiary in Guernsey.

The majority of group sales are denominated in foreign currencies. Similarly, a proportion of the Group's overheads is also in foreign currencies. Significant foreign currency transactions are decided by the Board of directors which determines when and how foreign currency is translated into sterling. In the normal course of business, the Group may sell forward certain foreign currencies for up to 12 months against anticipated receivables in those currencies. The Group does not enter into any other form of derivative, currency or option trading. Apart from small working capital requirements in the overseas subsidiaries, all holdings of foreign currencies are remitted regularly to Renishaw plc.

As set out in the accounting policies, currency exchange differences arising on the translation of overseas assets and liabilities, net of related foreign currency borrowings, are reflected in the currency reserve. The £1.3m (1994 £0.9m) unrealised currency loss arising mainly reflects the depreciation of sterling over the year.

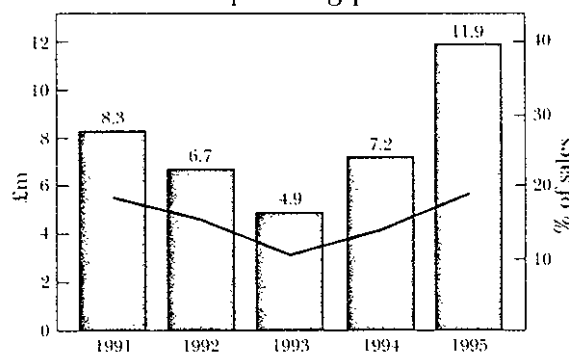
Capital expenditure

Capital expenditure for the year amounted to £2.8m compared with £3.5m in 1994.

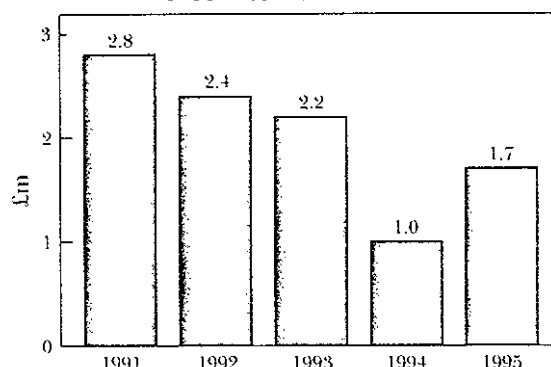


A.C.G. Roberts
Group Finance Director
28th September 1995

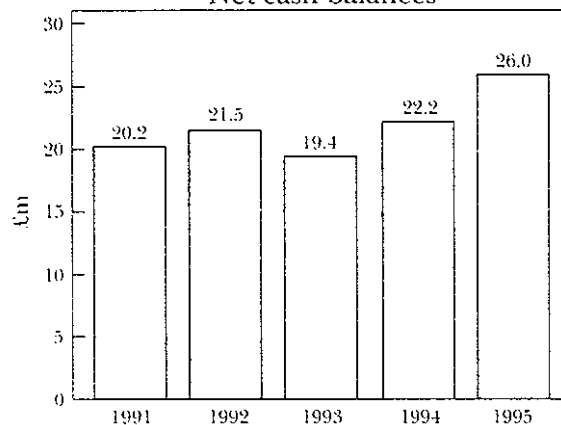
Operating profit



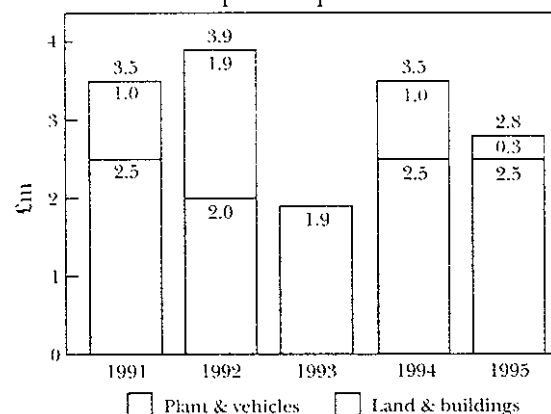
Net interest receivable



Net cash balances



Capital expenditure



Directors' report

The directors have pleasure in presenting their 22nd Annual Report, together with the audited financial statements for the year ended 30th June 1995 as set out on pages 12 to 23.

Trading results

The group results for the year were:-	1995 £'000	1994 £'000
Profit on ordinary activities before taxation	13,535	8,222
Taxation on profit on ordinary activities	3,831	2,379
Profit for the financial year	9,704	5,843
Dividends	3,880	3,372
Retained profit for the year	5,824	2,471

Review of the business

The principal activities of the Group during the year were the design, manufacture and sale of advanced precision metrology and inspection equipment, and computer aided design and manufacturing systems.

Further details of group activities are incorporated in the Group Profile accompanying these financial statements. An analysis of turnover by geographical market is given in note 2 to the financial statements.

Dividends

The directors propose a final dividend of £2,535,268 for the year, which is equivalent to 4.71p per share net and together with the interim dividend of 2.5p makes a total of 7.21p for the year, compared to 6.27p for the previous year, after adjusting for the one for ten capitalisation issue during the year. The dividend will be paid on 20th November 1995 to shareholders on the register on 24th October 1995.

Share capital

In November 1994, the authorised share capital of the Company was increased from £10 million to £11 million, following approval at the annual general meeting. Also there was a one for ten capitalisation issue of new shares following the increase in authorised share capital. It is proposed that the authorised share capital be increased to £15 million and that there be a one for eight capitalisation issue this year. The resolutions are to be proposed at the forthcoming annual general meeting in November 1995.

Under the terms of the 1984 employee share option scheme, options have been granted to employees of the Group. Details of options exercised during the year and outstanding at the end of the year are given in note 16 to the financial statements.

There has been no change in share capital between 30th June 1995 and 28th September 1995.

Donations

During the year the Group made charitable donations of £24,092 (1994 £23,500). No political donations were made.

Research and development

The Group has a continuing commitment to a high level of research and development. The expenditure involved is directed towards the research and development of new products relating to metrology.

Directors and their interests

The directors who served during the year and their interests in the share capital of the Company, at the beginning and end of the year, were:-

	Ordinary shares of 20p each	
	30th June 1995	30th June 1994
D.R. McMurtry	19,532,448	19,532,448
D.J. Deer	9,166,377	9,166,377
B.R. Taylor	110	—
A.C.G. Roberts	26,049	26,049
L. Brook	12,601	12,601

The shareholdings at 30th June 1994 have been adjusted to reflect the one for ten capitalisation issue in November 1994. All the above holdings were beneficially held with the exception of 1,718,750 shares which were non-beneficially held by D.J. Deer but in respect of which he has voting rights. There has been no change in the above holdings in the period 30th June 1995 to 28th September 1995.

In accordance with the Articles of Association B.R. Taylor, who does not have a service contract, retires by rotation and being eligible, offers himself for re-election.

No director had a material interest in any contract of significance with the Company or any of its subsidiaries at any time during the year.

Substantial shareholdings

Apart from the shareholdings of Messrs McMurtry and Deer (53.3%), the directors are not aware of any shareholding which represents 3% or more of the issued share capital of the Company, as at 22nd September 1995.

Fixed assets

The changes in tangible fixed assets during the year are summarised in note 10 to the financial statements.

In June 1994, the Company entered into an agreement with Western Corrugated Limited ("WCL"), of Cwmbran, Gwent, giving WCL an option to purchase the Company's freehold premises at Springvale Industrial Estate, Cwmbran, Gwent. The option is to purchase the premises for £3,000,000 on or before 31st December 1996, on giving six months' notice. The current net book value of the Cwmbran premises is £847,000.

In the opinion of the directors, the current market value of the Group's land and buildings is in excess of the current net book value. During the year ended 30th June 1991, the Group's land and buildings were revalued by professional valuers and the market value at that time exceeded the net book value by £4,159,000. The revaluation was not incorporated in the financial statements.

Special business

The Notice of annual general meeting on page 24 sets out certain resolutions which the directors have resolved should be proposed as special business during the course of the meeting.

(i) Capitalisation issue - The directors propose that a one for eight capitalisation issue be made to shareholders, registered on 16th November 1995, of one new ordinary share for every eight ordinary shares held. The new capitalisation shares to be issued will rank *pari passu* with the existing ordinary shares except that they will not be entitled to the final dividend recommended for the year ended 30th June 1995. Fractional entitlements to new ordinary shares will not be allotted. Application will be made to the London Stock Exchange for the new ordinary shares to be admitted to the Official List. It is proposed that definitive share certificates will be posted to shareholders by 20th November 1995 and that dealings in the new ordinary shares will commence on 20th November 1995. The Company's present authorised share capital is insufficient to permit the implementation of the capitalisation issue. Accordingly it is proposed to increase the Company's authorised share capital from £11,000,000 to £15,000,000, representing an increase of approximately 36% in the authorised share capital of the Company. The number of ordinary shares and the subscription price in respect of shares which are the subject of options already granted but not yet exercised will be adjusted; optionholders will be notified of the relevant adjustments in due course. Ordinary resolution No. 5 is being proposed at the annual general meeting in order to increase the authorised share capital and to authorise the capitalisation issue.

(ii) Directors' authority to allot shares - It is proposed, also within resolution No. 5, to grant the directors a new rolling five year authority to allot equity capital pursuant to section 80 of the Companies Act 1985 up to an aggregate nominal amount of £3,607,107 being approximately 34% of the total issued share capital of the Company as at 16th November 1995. The directors have no present intention of allotting any of the Company's unissued share capital other than in respect of the capitalisation issue referred to above.

(iii) Purchase of own shares - The directors consider that the Company should have the flexibility to be able to make market purchases of its own ordinary shares, up to a total of 10% of the issued share capital. Shareholders are being asked to pass the necessary special resolution No. 6 at the annual general meeting to give the required authority until the earlier of the conclusion of the 1996 annual general meeting and 31st December 1996. There is at present no intention to purchase shares and, if granted, the authority would only be exercised if an improvement in earnings per share were expected to result.

(iv) Directors and officers liability insurance - The directors wish to effect insurance in respect of the acts of themselves and other officers of the Company. The insurance will indemnify a director or officer against any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company. In order to purchase this insurance, the Memorandum of Association of the Company needs to be amended by the insertion of a new enabling object. Shareholders are being asked to pass the special resolution No. 7 at the annual general meeting in this regard. The new Articles of Association will include a provision enabling such insurance to be purchased.

(v) Adoption of new Articles of Association - The existing Articles were adopted in 1983 and the directors believe it is now appropriate to adopt new Articles which reflect both the changes that have occurred in company law since that date and current best practice for public listed companies generally. Details of the most important changes to be included in the proposed new Articles are given in the letter from the Chairman enclosed with this Annual Report. Shareholders are being asked to pass the special resolution No. 8 at the annual general meeting in this regard.

Copies of the proposed amended Memorandum of Association and new Articles of Association will be available for inspection by members during normal business hours at the offices of Norton Rose, Kempson House, Camomile Street, London EC3A 7AN from the date of the notice until the date of the annual general meeting and at the place of the meeting for at least 15 minutes prior to and until conclusion of the meeting.

Statement of directors' responsibilities

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

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

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

Corporate governance

The directors have reviewed the Company's compliance with the Code of Best Practice ("the Code") during the year.

The Board of directors

The Board meets monthly, retains full and effective control over the Company and its subsidiary undertakings and monitors the executive management. There is a formal schedule of matters specifically reserved to it for decision and there is an agreed procedure for directors in the furtherance of their duties to take independent professional advice if necessary, at the Company's expense. All directors have access to the advice and services of the company secretary, who is responsible to the Board for ensuring that Board procedures are followed and applicable rules and regulations are complied with.

The Company has complied with the provisions of the Code save as outlined below:-

Non-executive directors

The Board currently only has one non-executive director who has been in office for a number of years and does not have a service contract. He is subject to re-election by rotation as are Messrs Taylor and Roberts. The Board considers that the Code's recommendation of three non-executive directors is excessive for a company of our size, but will continue to review the situation regularly.

Board committees

The Company has a remuneration committee, chaired by the non-executive director and comprising, in addition, the Chairman and Deputy Chairman.

There is no audit committee as recommended by the Code. The directors consider that because of the size of the Group and the existing management and control structure it does not require an audit committee at this time. However, this recommendation will be reviewed regularly. The Board ensures that an objective and professional relationship is maintained with the auditors.

Going concern

The directors have a reasonable expectation 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 financial statements.

Internal control

Guidance for directors on reporting on internal controls has been issued and will be effective for our next financial year. However, the directors acknowledge their responsibility for the Group's system of internal financial control.

The auditors, KPMG, have confirmed that in their opinion; with respect to the directors' statement on going concern set out above, the directors have provided the disclosures required by paragraph 4.6 of the Code (as supplemented by the related guidance for directors) and the statement is not inconsistent with the information of which they are aware from their audit work on the financial statements; and that the directors' statement above appropriately reflects the Company's compliance with the other paragraphs of the Code in force specified by the Listing Rules for their review. They have carried out their review in accordance with the relevant Bulletin issued by the Auditing Practices Board, which does not require them to perform any additional work necessary to express a separate opinion on the effectiveness of the Company's system of corporate governance procedures, or on the ability of the Group to continue in operational existence.

Employees

The maintenance of a highly skilled workforce is essential to the future of the business and the directors place great emphasis on the continuation of the Company's approved training policy. Health and safety matters are given special attention by the directors and it is their policy to ensure that continued employment is offered to employees who become temporarily or permanently disabled. The Company always considers carefully an application for employment by any registered disabled person.

Regular contact is maintained with all employees through departmental channels and the bi-monthly in-house journal ensures staff are kept well informed on the progress of the Group.

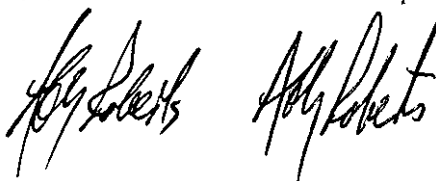
Environmental policy

The Group has recognised the importance of addressing environmental issues and has a corporate environmental policy which is presented in the Group Profile. In the course of its operation, the Group has given due consideration to environmental issues. During the year, this has been reflected through a series of improvements related to air cleanliness in the machine shop and the use of a more environmentally friendly process for cleaning machined parts.

Auditors

On 6th February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the Company will be proposed at the forthcoming annual general meeting.

By order of the Board
A.C.G. Roberts, Secretary
28th September 1995



Report of the auditors

To the members of Renishaw plc

We have audited the financial statements on pages 12 to 23.

Respective responsibilities of directors and auditors

As described on page 10 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 Group'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 the Group as at 30th June 1995 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors
Welsh Street
Chepstow
Gwent, NP6 5LN


28th September 1995

28th September 1995

Consolidated profit and loss account

for the year ended 30th June 1995

	Notes	1995 £'000	1994 £'000
Turnover	2	62,662	50,874
Cost of sales		28,465	24,494
Gross profit		34,197	26,380
Distribution costs		12,167	9,802
Administrative expenses		10,165	9,405
		22,332	19,207
Operating profit	3	11,865	7,173
Interest receivable less payable	5	1,670	1,049
Profit on ordinary activities before taxation		13,535	8,222
Tax on profit on ordinary activities	6	3,831	2,379
Profit for the financial year	7	9,704	5,843
Dividends paid and proposed	8	3,880	3,372
Retained profit for the financial year		5,824	2,471
Earnings per share	9	18.04p	10.87p

The current and the previous years' results derive from the continuing operations.

There is no difference between the profit for the current and previous financial year stated above and its historical cost equivalent.

Balance sheets

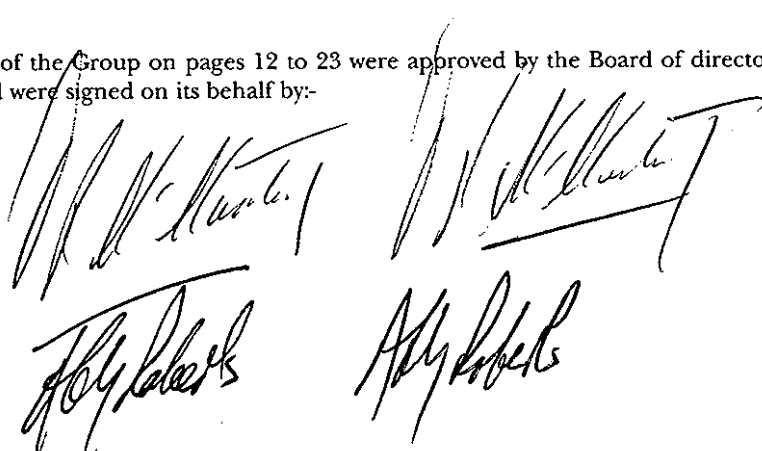
at 30th June 1995

	Notes	The Group		The Company	
		1995 £'000	1994 £'000	1995 £'000	1994 £'000
Fixed assets					
Tangible assets	10	17,512	17,519	12,645	12,870
Investments in subsidiaries	11	-	-	25	25
		17,512	17,519	12,670	12,895
Current assets					
Stocks	12	9,812	6,882	6,154	4,469
Debtors	13	17,417	14,795	34,985	33,438
Cash at bank		41,982	39,003	12,405	9,947
		69,211	60,680	53,544	47,854
Creditors					
Amounts falling due within one year	14	30,868	26,804	47,049	41,113
Net current assets		38,343	33,876	6,495	6,741
Total assets less current liabilities		55,855	51,395	19,165	19,636
Provision for liabilities and charges					
Deferred taxation	15	4,672	4,815	1,792	1,925
Net assets		51,183	46,580	17,373	17,711
Capital and reserves					
Called up share capital	16	10,765	9,776	10,765	9,776
Share premium account	16	145	1,041	145	1,041
Profit and loss account	17	40,273	35,763	6,463	6,894
Shareholders' funds - equity		51,183	46,580	17,373	17,711

The financial statements of the Group on pages 12 to 23 were approved by the Board of directors on 28th September 1995 and were signed on its behalf by:-

D.R. McMurtry
A.C.G. Roberts

Directors



Consolidated cash flow statement

for the year ended 30th June 1995

	Notes	1995 £'000	1994 £'000
Net cash inflow from operating activities	18	12,444	8,092
Returns on investments and servicing of finance			
Interest received		2,493	2,459
Interest paid		(892)	(914)
Dividends paid		(3,496)	(3,173)
		(1,895)	(1,628)
Net cash inflow from returns on investments and servicing of finance		10,549	6,464
Taxation			
UK corporation tax (paid)/received		(913)	1,446
Overseas tax paid		(1,906)	(940)
Tax (paid)/received		(2,819)	506
Investing activities			
Long term			
Purchase of tangible fixed assets		(2,754)	(3,540)
Sale of tangible fixed assets		516	177
Net cash outflow from long term investing activities		(2,238)	(3,363)
Net cash inflow before financing and short term investments		5,492	3,607
Investing activities			
Short term			
Increase in bank deposits over three months' maturity		(5,769)	(14,574)
Net cash outflow before financing		(277)	(10,967)
Financing			
Issue of ordinary share capital under employee share option scheme		93	136
Decrease in cash and cash equivalents		(184)	(10,831)

An analysis of cash and cash equivalents and of bank deposits of over three months' maturity is shown in note 18.

Consolidated statement of total recognised gains and losses

for the year ended 30th June 1995

	1995 £'000	1994 £'000
Profit for the financial year	9,704	5,843
Currency translation differences on foreign currency net investments	(1,314)	(931)
Total gains recognised relating to the year	8,390	4,912

Reconciliation of movements in shareholders' funds

for the year ended 30th June 1995

	The Group		The Company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Profit for the financial year	9,704	5,843	3,449	2,436
Dividends	(3,880)	(3,372)	(3,880)	(3,372)
Retained profit/(loss) for the year	5,824	2,471	(431)	(936)
Other recognised gains and losses	(1,314)	(931)	—	—
New share capital issued	11	18	11	18
Premium on new share capital issued	82	118	82	118
Net addition/(reduction) to shareholders' funds	4,603	1,676	(338)	(800)
Shareholders' funds at 1st July 1994	46,580	44,904	17,711	18,511
Shareholders' funds at 30th June 1995	51,183	46,580	17,373	17,711

Notes

Notes (forming part of the financial statements)

1. Accounting policies

The following principal accounting policies have been applied consistently in the preparation of the financial statements of the Group. The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries.

Turnover

Turnover represents the value of group sales to third parties invoiced during the year, including royalty income, less returns, allowances and value added tax.

Tangible assets and depreciation

Tangible assets are stated at cost less accumulated depreciation. Depreciation is provided to write off the cost of assets less their estimated residual value on a straight line basis over their estimated useful economic lives as follows:-

Freehold buildings - 50 years

Plant and machinery - 5 to 10 years

Motor vehicles - 3 to 4 years

No depreciation is provided on freehold land.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises direct materials and labour plus overheads applicable to the stage of manufacture reached.

Research and development

Research and development expenditure is charged to profit and loss account in the year in which it is incurred.

Taxation

The charge for taxation is based on the group profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax on all these timing differences at the rate expected to be applicable when the liability crystallises.

Foreign currency

Overseas profits and losses are translated into sterling at weighted average exchange rates for the year. Overseas assets and liabilities included in the consolidated balance sheet are translated into sterling at the rates of exchange ruling at the end of the accounting year. The resultant currency exchange differences, net of exchange differences arising on related foreign currency net borrowings, are treated as movements on reserves and are reported in the consolidated statement of total recognised gains and losses.

Government grants

Government grants relating to the purchase of tangible assets are released to profit and loss account over the estimated useful lives of the relevant assets. Grants relating to revenue expenditure are credited to profit and loss account as receivable.

Pension costs

The Group operates a contributory pension scheme, of the defined benefit type, for UK based employees. The scheme is administered by trustees and is independent of the group finances. Contributions are paid to the scheme in accordance with the recommendations of an independent actuary to enable the trustees to meet from the scheme the benefits accruing in respect of current and future service. The Group's contributions are charged to profit and loss account in accordance with SSAP 24. An independent actuarial valuation was carried out on the scheme in July 1992 and the scheme is adequately funded.

Foreign based employees are covered by state, defined benefit and private pension schemes in their countries of residence. Actuarial valuations of foreign pension schemes, in accordance with SSAP 24, were not obtained because of the costs involved and the smaller number of foreign employees.

Goodwill

Goodwill relating to acquisitions by the Group is written off against reserves in the year of acquisition.

2. Turnover

Turnover is defined under the accounting policies in note 1 and relates to the principal trade. An analysis by geographical market is:-

	1995 £'000	1994 £'000
USA	22,445	19,702
Germany	9,948	6,829
Japan	7,996	5,828
France	4,627	3,829
Italy	4,351	3,915
Other overseas countries	7,900	6,027
Total sales to overseas customers	57,267	46,130
United Kingdom	5,395	4,744
Total group sales	62,662	50,874

A geographical analysis by origin of turnover, profit before taxation and net assets is not shown because, in the opinion of the directors, disclosure of such information would be seriously prejudicial to the interests of the Group.

3. Operating profit

a) Operating profit is stated after charging:-

	1995 £'000	1994 £'000
Research and development	4,631	3,532
Depreciation	2,618	2,448
Foreign exchange losses	236	55
Auditors' remuneration - audit	128	116
- other services	106	116

b) Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year was:-

	1995 Number	1994 Number
United Kingdom	565	534
Overseas	231	216
	796	750

The aggregate payroll costs of the above were:-

	1995 £'000	1994 £'000
Wages and salaries	18,168	15,797
Social security costs	2,100	1,957
Other pension costs	1,169	1,019
	21,437	18,773

4. Remuneration of directors

The total emoluments of the directors and those of the Chairman, who was also the highest paid director, were:-

	Total		Chairman	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
Salary/fees	553	537	183	174
Benefits	47	50	11	11
Appreciation award	113	68	43	26
	<u>713</u>	<u>655</u>	<u>237</u>	<u>211</u>
Pension contribution	146	139	71	68
Total	<u>859</u>	<u>794</u>	<u>308</u>	<u>279</u>

There is a group wide appreciation award for all employees. The awards to the directors are determined by the remuneration committee based on group profit performance and the achievement of a number of strategic objectives to maintain the long term development of the Group.

The total emoluments, excluding pension contributions, of the directors fell within the following ranges:-

	1995 Number	1994 Number
£ 10,001 - £ 15,000	—	1
£ 15,001 - £ 20,000	1	—
£115,001 - £120,000	1	1
£120,001 - £125,000	—	1
£130,001 - £135,000	1	—
£185,001 - £190,000	—	1
£210,001 - £215,000	1	1
£235,001 - £240,000	1	—

Details of directors' share options are included in note 16.

5. Interest receivable less payable

	1995 £'000	1994 £'000
Bank interest receivable	2,520	2,029
Bank interest payable	(850)	(980)
	<u>1,670</u>	<u>1,049</u>

6. Tax on profit on ordinary activities

Based on group profit on ordinary activities for the year:-

	1995 £'000	1994 £'000
UK corporation tax charge at 33%	2,139	927
Deferred tax credit at 33%	(143)	(47)
Overseas tax	1,835	1,499
	<u>3,831</u>	<u>2,379</u>

A further liability to taxation would arise if the retained profits of certain overseas subsidiaries were distributed.

7. Profit for the financial year

As provided by section 230(3) of the Companies Act 1985, a separate profit and loss account dealing with the results of the Company alone has not been presented. The profit for the financial year, including dividends receivable, dealt with in the financial statements of the Company is £3,449,000 (1994 £2,436,000).

8. Dividends

	1995 £'000	1994 £'000
Interim dividend paid	1,345	1,221
Proposed final dividend	2,535	2,151
	<u>3,880</u>	<u>3,372</u>

9. Earnings per share

Earnings per share are calculated on earnings of £9,704,000 (1994 £5,843,000) and on 53,804,566 shares (1994 53,721,186), being the weighted average number of shares in issue, after adjusting for the one for ten capitalisation issue during the year. A fully diluted earnings per share figure, based on share options outstanding, is not provided as the effect on earnings per share is not material.

10. Tangible assets

	Freehold land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
a) The Group				
Cost				
At 1st July 1994	12,477	18,018	1,606	32,101
Additions	318	2,184	252	2,754
Disposals	(330)	(1,066)	(126)	(1,522)
Currency adjustment	277	211	32	520
At 30th June 1995	<u>12,742</u>	<u>19,347</u>	<u>1,764</u>	<u>33,853</u>
Depreciation				
At 1st July 1994	1,654	11,906	1,022	14,582
Charge for the year	337	1,996	285	2,618
Released on disposals	(118)	(880)	(121)	(1,119)
Currency adjustment	92	144	24	260
At 30th June 1995	<u>1,965</u>	<u>13,166</u>	<u>1,210</u>	<u>16,341</u>
Net book value				
At 30th June 1995	<u>10,777</u>	<u>6,181</u>	<u>554</u>	<u>17,512</u>
At 30th June 1994	<u>10,823</u>	<u>6,112</u>	<u>584</u>	<u>17,519</u>
b) The Company				
Cost				
At 1st July 1994	8,857	13,646	1,097	23,600
Additions	39	1,656	101	1,796
Disposals	—	(790)	(47)	(837)
At 30th June 1995	<u>8,896</u>	<u>14,512</u>	<u>1,151</u>	<u>24,559</u>
Depreciation				
At 1st July 1994	1,145	8,873	712	10,730
Charge for the year	192	1,566	170	1,928
Released on disposals	—	(698)	(46)	(744)
At 30th June 1995	<u>1,337</u>	<u>9,741</u>	<u>836</u>	<u>11,914</u>
Net book value				
At 30th June 1995	<u>7,559</u>	<u>4,771</u>	<u>315</u>	<u>12,645</u>
At 30th June 1994	<u>7,712</u>	<u>4,773</u>	<u>385</u>	<u>12,870</u>

11. Investments in subsidiaries

The Company

	1995 £'000	1994 £'000
Shares in subsidiary companies	25	25

Details of subsidiary undertakings are shown in note 20.

12. Stocks

	The Group		The Company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Raw materials	4,864	2,899	3,885	2,661
Work in progress	741	635	663	540
Finished goods	4,207	3,348	1,606	1,268
	<u>9,812</u>	<u>6,882</u>	<u>6,154</u>	<u>4,469</u>

13. Debtors

	The Group		The Company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Trade debtors	13,962	12,149	3,089	2,363
Amounts owed by subsidiaries	—	—	30,433	29,039
Corporation tax	—	—	—	1,118
Prepayments	3,455	2,646	1,463	918
	<u>17,417</u>	<u>14,795</u>	<u>34,985</u>	<u>33,438</u>

Included in prepayments for the Group are amounts totalling £712,000 (1994 £632,000) which represent deposits on leased premises paid by a subsidiary undertaking. These amounts are recoverable on expiry of the leases, which will not be within one year. All other debtors are due within one year.

14. Creditors

Amounts falling due within one year

	The Group		The Company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Bank loans and overdrafts	16,012	16,767	16,012	16,767
Trade creditors	6,960	4,355	5,694	3,380
Amounts owed to subsidiaries	—	—	21,100	17,983
Corporation tax	1,959	805	525	—
Other taxes and social security	1,212	1,010	347	312
Other creditors	2,190	1,716	836	520
Proposed dividend payable	2,535	2,151	2,535	2,151
	<u>30,868</u>	<u>26,804</u>	<u>47,049</u>	<u>41,113</u>

15. Deferred taxation

a) Movements during the year were:-

	The Group		The Company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
At 1st July 1994	4,815	4,862	1,925	2,162
Release for the year	(143)	(47)	(133)	(237)
At 30th June 1995	4,672	4,815	1,792	1,925

b) Represented by:-

Difference between accumulated depreciation and capital allowances	2,184	2,261	2,015	2,132
Other timing differences	2,488	2,554	(223)	(207)
At 30th June 1995	4,672	4,815	1,792	1,925

Deferred taxation of £3,008,000 (1994 £2,647,000) has been accounted for in respect of future remittances of the accumulated reserves of overseas' subsidiary undertakings.

16. Share capital

	1995 £'000	1994 £'000
Authorised 55,000,000 (1994 50,000,000) ordinary shares of 20p each	11,000	10,000
Allotted, called up and fully paid 53,827,353 (1994 48,878,541) ordinary shares of 20p each	10,765	9,776

Movements in share capital and share premium account during the year were:-

	Share capital		Share premium
	Number of shares	£'000	£'000
At 1st July 1994	48,878,541	9,776	1,041
One for ten capitalisation issue	4,892,526	978	(978)
Employee share options exercised	56,286	11	82
At 30th June 1995	53,827,353	10,765	145

Under the terms of the 1984 employee share option scheme, options outstanding at 28th September 1995, as amended for the capitalisation issues, which are exercisable between 3 and 10 years after the date the options were granted, were:-

Date options granted	Option price	Number of shares
6th August 1986	£1.65	1,427
7th September 1987	£1.27	3,145
23rd September 1988	£1.06	39,428
6th September 1989	£1.73	49,088

Within the above figures are the following options granted to directors:-

		Number of shares	
Date options granted	Option price	B.R. Taylor	A.C.G. Roberts
23rd September 1988	£1.06	12,891	12,891
6th September 1989	£1.73	10,313	10,313

No directors' options lapsed, were granted or exercised during the year. The middle market price of the shares at 30th June 1995 was £3.43 and the range during the year then ended was £2.44 to £3.43. There are no performance criteria conditional upon which the directors' options are exercisable.

17. Profit and loss account

Movements during the year were:-

	The Group		The Company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
At 1st July 1994	35,763	34,223	6,894	7,830
Retained profit/(loss) for the year	5,824	2,471	(431)	(936)
Movement in currency reserve	(1,314)	(931)	—	—
At 30th June 1995	<u>40,273</u>	<u>35,763</u>	<u>6,463</u>	<u>6,894</u>

The cumulative amount of goodwill resulting from acquisitions made in earlier financial years, which has been written off to reserves is £1,913,000 (1994 £1,913,000).

18. Notes to the consolidated cash flow statement

a) Reconciliation of operating profit to net cash inflow from operating activities:-

	1995 £'000	1994 £'000
Operating profit	11,865	7,173
Depreciation charges	2,618	2,448
(Profit) on sale of tangible fixed assets	(114)	(55)
(Increase)/decrease in stocks	(2,930)	1,095
(Increase) in debtors	(2,191)	(2,651)
Increase in creditors	3,196	82
Net cash inflow from operating activities	<u>12,444</u>	<u>8,092</u>

b) Analysis of changes in cash and cash equivalents during the year:-

	1995 £'000	1994 £'000
At 1st July 1994	7,662	19,418
Net cash outflow before adjustments for the effect of foreign exchange rate changes	(184)	(10,831)
Effect of foreign exchange rate changes	(1,851)	(925)
At 30th June 1995	<u>5,627</u>	<u>7,662</u>

c) Analysis of the balances of cash and cash equivalents and bank deposits of over 3 months' maturity:-

	Consolidated balance sheet			Consolidated cash flow statement		
	Cash at bank £'000	Overdrafts and loans £'000	Net cash at bank £'000	Cash £'000	Bank deposits £'000	Net cash at bank £'000
At 1st July 1994	39,003	(16,767)	22,236	7,662	14,574	22,236
Changes in the year	2,979	755	3,734	(2,035)	5,769	3,734
At 30th June 1995	<u>41,982</u>	<u>(16,012)</u>	<u>25,970</u>	<u>5,627</u>	<u>20,343</u>	<u>25,970</u>

19. Pension scheme

The Group operates a number of pension schemes throughout the world. The major schemes, which cover over 90% of scheme members, are of the defined benefit type.

The total pension cost of the Group was £1,169,000 (1994 £1,019,000) of which £500,000 (1994 £432,000) relates to overseas schemes. The pension cost relating to the UK scheme is assessed in accordance with the advice of a qualified actuary using the projected unit method. The latest actuarial assessment of that scheme was at July 1992. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salaries and pensions. It was assumed that the investment return would be 2.5% per annum in excess of salary increases and that future pensions would increase at the rate of 4.5% per annum.

At the date of the latest actuarial valuation, the market value of the assets was £3,423,000 and the actuarial value of the assets was sufficient to cover 92% of the benefits that had accrued to members after allowing for expected future increases in earnings. This deficiency was not considered by the actuary to be material. An actuarial valuation as at July 1995 is being prepared currently.

20. Subsidiary undertakings

The following are the principal subsidiary undertakings of Renishaw plc, all of which are wholly owned unless otherwise stated. The country of incorporation is Great Britain and the country of registration is England and Wales unless otherwise stated. The country of incorporation is also the country of operation.

Company	Principal activities
Renishaw International Limited	Overseas holding and investment company.
Renishaw (Ireland) Limited (Republic of Ireland)	Manufacture and sale of advanced precision metrology and inspection equipment.
Renishaw Investments Limited (Guernsey)	Investment company.
Renishaw International B.V. (The Netherlands)	Overseas holding and investment company.
Renishaw Inc (USA)	Service and distribution of group products.
Renishaw KK (Japan)	Service and distribution of group products.
Renishaw GmbH (Germany)	Service and distribution of group products.
Renishaw S.A. (France)	Service, distribution, research and development and manufacture of group products.
Simci S.A. (France)	Service and distribution of group products.
Renishaw S.p.A. (Italy)	Service and distribution of group products.
Renishaw Iberica S.A. (Spain)	Service and distribution of group products.
Renishaw A.G. (Switzerland)	Service and distribution of group products.
Renishaw (Hong Kong) Limited (Hong Kong)	Service and distribution of group products.
Wotton Travel Limited	Travel agency.

21. Commitments

a) Outstanding capital expenditure not provided for in these financial statements was:-

	The Group		The Company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Authorised but not committed	717	26	717	26
Authorised and committed	202	62	202	62

b) Annual commitments under non-cancellable operating leases (all of which relate to land and buildings) were £453,000 (1994 £670,000), of which £209,000 (1994 £239,000) expires within one year and £244,000 (1994 £431,000) expires in the second to fifth years inclusive.



Notice of meeting

NOTICE IS HEREBY GIVEN that the 22nd annual general meeting of the Company will be held at The Gables Inn, Falfield, Gloucestershire, GL12 8DL on Friday 17th November 1995 at noon to transact the following business:-

1. To receive and adopt the reports of the directors and auditors and the financial statements for the year ended 30th June 1995.
2. To declare a final dividend.
3. To re-elect as a director of the Company B.R. Taylor, who is retiring by rotation.
4. To re-appoint KPMG as auditors of the Company and to authorise the directors to fix their remuneration.

To consider as special business and, if thought fit, to pass the following resolutions, No. 5 which will be proposed as an ordinary resolution and Nos. 6, 7 and 8 which will be proposed as special resolutions:-

5. THAT:
 - (i) the authorised share capital of the Company be increased from £11,000,000 to £15,000,000 by the creation of 20,000,000 ordinary shares of 20p each;
 - (ii) the directors be and they are hereby generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 to exercise all powers of the Company to allot relevant securities (within the meaning of the said section 80) up to an aggregate nominal amount of £3,607,107 provided that this authority shall expire on the date which is five years from the date immediately preceding the date on which this resolution is passed save that the Company may before such expiry make offers or agreements 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 agreements as if the authority conferred hereby had not expired;
 - (iii) the sum of £144,624.44 standing to the credit of the share premium account and up to £1,203,386.56 being part of the amount standing to the credit of the profit and loss account be capitalised and the directors be authorised to appropriate the said sum of up to £1,348,011.00 as capital to and amongst the persons appearing on the Register of members at the close of business on 16th November 1995, such sum to be applied in paying up in full at par such number of unissued ordinary shares of 20p each of the Company as shall be necessary for the purposes of allotment hereinafter mentioned, and that such ordinary shares of 20p each credited as fully paid be allotted and distributed to such persons holding issued fully paid ordinary shares of 20p each of the Company in the proportion of one ordinary share of 20p for every eight issued ordinary shares of 20p each held by them at the close of business on such date;
 - (iv) the new ordinary shares to be issued pursuant to this resolution shall not rank for the recommended final dividend of 4.71p net per ordinary share in respect of the financial year ended 30th June 1995 but shall rank in full for all dividends and other distributions hereafter declared, paid or made on the ordinary share capital of the Company and in all other respects *pari passu* both *inter se* and with the existing fully paid ordinary shares of the Company;
 - (v) whenever as a result of such allotment and distribution any member would become entitled to a fraction of an ordinary share of 20p, the directors shall for the purpose of eliminating such fractions allot to such members such number of ordinary shares of 20p each as will not result in such member becoming entitled to a fraction of an ordinary share of 20p; and
 - (vi) the directors shall give effect to this resolution.
6. THAT, the Company be and is hereby unconditionally authorised to make market purchases (within the meaning of section 163(3) of the Companies Act 1985) of ordinary shares of 20p each in the capital of the Company ("ordinary shares") provided that:
 - (i) the maximum number of ordinary shares hereby authorised to be purchased is 5,382,735;
 - (ii) the maximum price that may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange Daily Official List) for the 10 business days immediately preceding the day on which the ordinary share is purchased;
 - (iii) the minimum price which may be paid for an ordinary share shall be 20p;
 - (iv) the authority hereby conferred shall expire at the earlier of the conclusion of the annual general meeting to be held in 1996 and 31st December 1996 unless such authority is renewed prior to such time; and
 - (v) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which contract will or may be executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to such contract.
7. THAT the Memorandum of Association be amended by the insertion as object (FF) of the following object:-

To purchase and maintain insurance for the benefit of any persons who are or were at any time directors, officers or employees of the Company or of any other company which is a subsidiary or subsidiary undertaking of the Company or in which the Company has any interest whether direct or indirect or who are or were at any time trustees of any pension fund in which any employee of the Company or of any other such company or subsidiary undertaking are or have been interested indemnifying such persons against liability for negligence, default, breach of duty or breach of trust or any other liabilities which may be lawfully insured against.
8. THAT the regulations set forth in the printed document produced to this meeting and, for the purposes of identification signed by the Chairman of the meeting, be approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, all the existing Articles of Association thereof.
9. To transact any other business of an annual general meeting.

By order of the Board
A.C.G. Roberts, Secretary
20th October 1995

New Mills, Wotton-under-Edge
Gloucestershire. GL12 8JR

Notes:

A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him or her. A proxy need not be a member of the Company and the appointment of a proxy will not preclude a member from attending and voting at the meeting. A form of proxy is enclosed for this purpose.

The register of directors' shareholdings will be available for inspection at the registered office of the Company during normal business hours until the date of the meeting and at the place of the meeting for 15 minutes prior to, and during, the meeting. No director has a service contract.

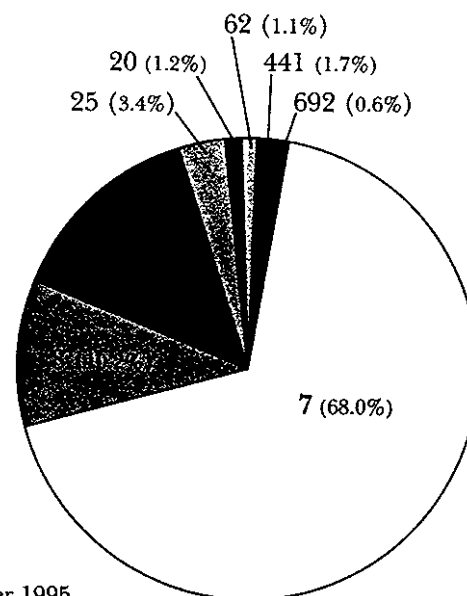


Shareholders' profile

	Number of shareholders		Number of shares	
	Number	%	Number	%
1. Range of shareholdings				
1 - 500	415	32.3	86,476	0.2
501 - 1,000	277	21.6	205,886	0.4
1,001 - 5,000	441	34.3	902,606	1.7
5,001 - 10,000	40	3.1	282,952	0.5
10,001 - 25,000	22	1.7	331,120	0.6
25,001 - 50,000	20	1.6	639,247	1.2
50,001 - 100,000	25	2.0	1,810,861	3.4
100,001 - 500,000	30	2.3	7,438,846	13.8
500,001 - 1,000,000	8	0.6	5,505,704	10.2
more than 1,000,000	7	0.5	36,623,655	68.0
	1,285	100.0	53,827,353	100.0
2. Categories of shareholders				
Directors	5	0.4	28,737,585	53.4
Banks, insurance companies, nominee companies, pension funds and other corporate bodies	320	24.9	23,950,256	44.5
Individuals	960	74.7	1,139,512	2.1
	1,285	100.0	53,827,353	100.0

Number of shareholders in each shareholding range

Shareholdings	
1 - 1,000	
1,001 - 5,000	
5,001 - 25,000	
25,001 - 50,000	
50,001 - 100,000	
100,001 - 500,000	
500,001 - 1,000,000	
more than 1,000,000	



The above information was compiled from the register as at 22nd September 1995.

Financial calendar

Annual general meeting
17th November 1995

Dividends
Interim - paid April
Final - paid November

Announcement of results
Annual results - September
Half year results - March



10 year financial record

Results	1995 £'000	1994 £'000	1993 £'000	1992 £'000	1991 £'000	1990 £'000	1989 £'000	1988 £'000	1987 £'000	1986 £'000
Overseas sales	57,267	46,130	44,343	40,697	41,455	43,087	35,244	25,053	20,098	17,869
UK sales	5,395	4,744	3,657	3,350	4,207	4,474	3,953	3,176	3,012	3,518
Total sales	<u>62,662</u>	<u>50,874</u>	<u>48,000</u>	<u>44,047</u>	<u>45,662</u>	<u>47,561</u>	<u>39,197</u>	<u>28,229</u>	<u>23,110</u>	<u>21,387</u>
Profit on ordinary activities before taxation	13,535	8,222	7,142	9,087	11,103	13,423	10,088	5,359	7,511	7,019
Taxation	<u>3,831</u>	<u>2,379</u>	<u>2,129</u>	<u>2,745</u>	<u>3,335</u>	<u>4,253</u>	<u>3,069</u>	<u>1,402</u>	<u>2,149</u>	<u>2,022</u>
Profit for the financial year	9,704	5,843	5,013	6,342	7,768	9,170	7,019	3,957	5,362	4,997
Dividends	<u>3,880</u>	<u>3,372</u>	<u>3,152</u>	<u>3,157</u>	<u>2,910</u>	<u>2,314</u>	<u>1,617</u>	<u>1,016</u>	<u>770</u>	<u>678</u>
Retained profit	<u>5,824</u>	<u>2,471</u>	<u>1,861</u>	<u>3,185</u>	<u>4,858</u>	<u>6,856</u>	<u>5,402</u>	<u>2,941</u>	<u>4,592</u>	<u>4,319</u>
Capital employed	1995 £'000	1994 £'000	1993 £'000	1992 £'000	1991 £'000	1990 £'000	1989 £'000	1988 £'000	1987 £'000	1986 £'000
Share capital	10,765	9,776	9,758	9,717	9,697	7,722	7,700	1,540	1,540	1,540
Share premium	145	1,041	923	641	522	206	—	5,770	5,770	5,770
Reserves	<u>40,273</u>	<u>35,763</u>	<u>34,223</u>	<u>34,137</u>	<u>31,200</u>	<u>28,180</u>	<u>21,485</u>	<u>16,154</u>	<u>13,794</u>	<u>9,227</u>
Shareholders' funds	51,183	46,580	44,904	44,495	41,419	36,108	29,185	23,464	21,104	16,537
Deferred taxation	<u>4,672</u>	<u>4,815</u>	<u>4,862</u>	<u>3,418</u>	<u>1,647</u>	<u>2,341</u>	<u>1,566</u>	<u>2,189</u>	<u>2,765</u>	<u>3,340</u>
Capital employed	<u>55,855</u>	<u>51,395</u>	<u>49,766</u>	<u>47,913</u>	<u>43,066</u>	<u>38,449</u>	<u>30,751</u>	<u>25,653</u>	<u>23,869</u>	<u>19,877</u>
Statistics	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986
Overseas sales as a percentage of total sales	91.4%	90.7%	92.4%	92.4%	90.8%	90.6%	89.9%	88.7%	87.0%	83.6%
Adjusted earnings per share *	18.04p	10.87p	9.36p	11.88p	14.60p	17.31p	13.26p	10.75p	10.13p	9.44p
Adjusted dividend per share *	7.21p	6.27p	5.91p	5.91p	5.45p	4.36p	3.05p	1.92p	1.45p	1.28p

* Figures for 1994 and prior years have been adjusted for the capitalisation issue in November 1994.

Bar chart - 10 year financial record

