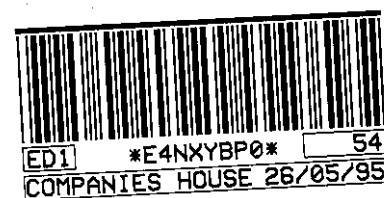
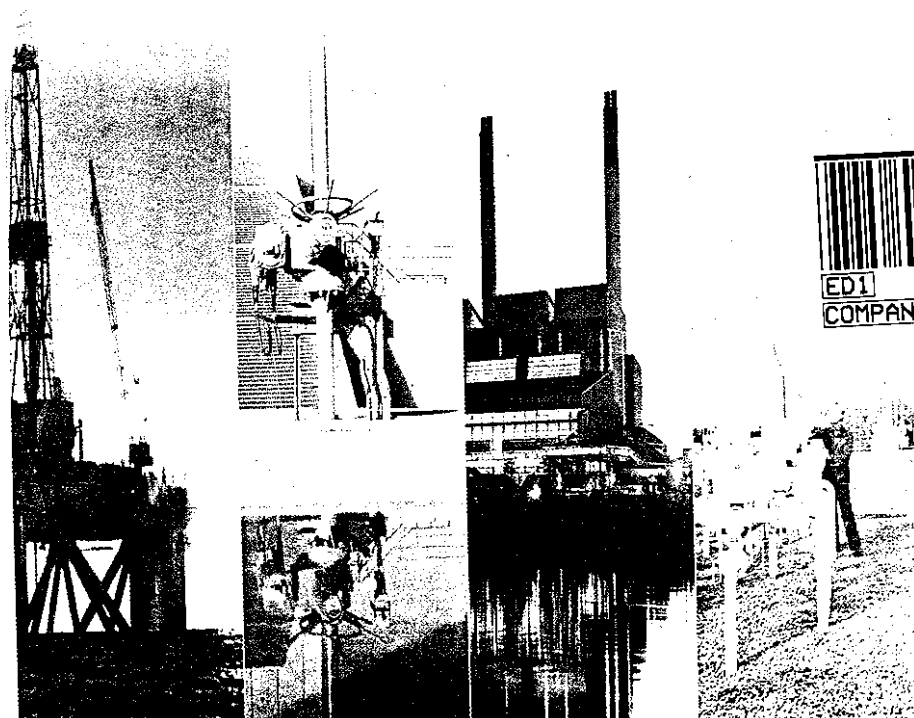


578327

Chairman's review	1
Business review	2
Report of the directors	6
Report of the auditors	9
Group profit and loss account	10
Balance sheets	11
Statement of cash flow	12
Statement of the group's total recognised gains and losses	13
Note on the group's historical cost profits and losses	13
Reconciliation of movements in Rotork shareholders' funds	13
Notes to the accounts	14
Directory	24
Notice of meeting	26

Rotork p.l.c. is registered in England, No. 578327



For Rotork, 1994 was expected to be a tougher trading year than those in the recent past, and that is how it turned out. However, bearing in mind the exceptional growth in the five years to the end of 1993, it was a good achievement to increase sales by a further 9%, and operating profit by almost 13%.

This growth in sales was all achieved by **Rotork Actuation**, despite a reduction in the number of very large contracts. Within this core division with its co-ordinated international network, all the subsidiaries played a crucial part. The contribution they each make can vary significantly from year to year depending on the countries in which the international contractors decide to place their business. In 1994, Italy, Germany, Canada, Singapore and Australia gave very strong performances in support of the major UK and US assembly operations. In broad terms, the UK water industry showed a reduced level of activity and the US hydrocarbon market slowed down, but elsewhere - particularly in the Pacific Rim and China - new opportunities were taken to improve the division's position as the market leader in world valve actuation.

The expected upturn in business for **Rotork Instruments** did not materialise, which meant advantage could not be taken of the extra capacity in the new factory. However, a modest profit was recorded and towards the year-end the level of orders received gives hope of improved results ahead.

Rotork Analysis carried out further product rationalisation and increased its sales, but it will need sizeable volume growth before it produces results of significance to the group.

The year-end balance sheet was particularly healthy. Stock and debtors have been well controlled with the result that cash generation has been very strong. The dividend recommended for the year has been increased by 12.9% over 1993. The search for a well suited investment opportunity has now become more focused. So it is with quiet confidence that the group faces 1995 with the expectation that further progress will be made.

Jeremy Lancaster
Chairman

		1994	1993	1992	1991	1990
Sales to UK customers	£m	21.16	21.46	17.12	13.60	18.44
Sales to overseas customers	£m	55.95	49.29	40.02	37.86	32.36
Sales to external customers	£m	77.11	70.75	57.14	51.46	50.80
Profit before taxation	£m	14.03	12.92	10.51	9.50	7.36
Profit before taxation: capital employed	%	37.7	39.9	33.4	36.5	35.4
Net current assets	£m	28.13	23.23	23.84	19.76	17.30
Net assets per ordinary share	p	41	36	34	28	23



The IQ range had a major impact in practically all the division's geographic and end-user markets. It allowed Actuation to increase both sales and profits from the record 1993 levels in unpromising trading conditions. The attractiveness of the IQ's specification and its widespread customer appeal has encouraged the sales force to tackle hitherto unreceptive sectors with renewed vigour and enthusiasm. This was particularly important in a year when major markets such as UK water and international oil and gas showed varying levels of downturn. Tight financial control also ensured that those profits were translated into cash.

Particularly strong results were achieved by the French, Italian, German, Canadian, Singaporean,

Right: Rotork IQ actuators retro-fitted to tank inlet and outlet valves at Esso's Birmingham terminal. All tanker loading valve actuators are controlled by Packscan two wire control system.



Above: the hand held IQ Communicator provides event monitoring and diagnostic facilities for the IQ range of electric valve actuators.

Korean and Australian companies. The division continues actively to augment its marketing effort in China, an increasingly important territory.

Exeeco Ltd, acquired in 1993, was successfully integrated and its performance met expectations and made a useful contribution to profits. Representaciones Partner SA, also acquired in 1993, met its 1994 budget despite turbulent political and economic conditions in Venezuela. Rotork Controls (India) Ltd, which became a subsidiary at the end of 1993, had, as expected, a difficult trading year caused by a slow-down in its traditional power market. It managed to a large extent to mitigate the effects of this problem and returned good results from a meagre marketplace.

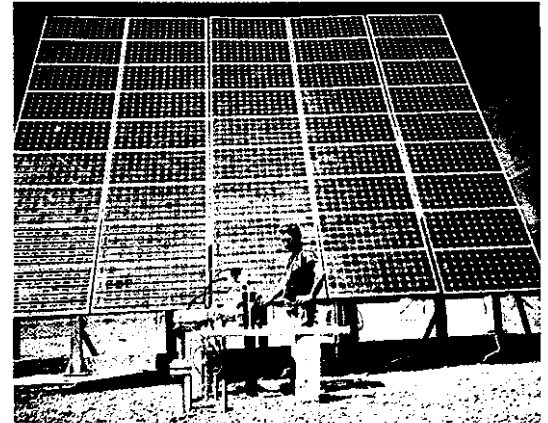
There is clear evidence that Rotork Actuation continues to gain market share at the expense of its international competitors. A crucial objective of the division is to defend its position as the world's number one valve actuator company through a continuing focus on product innovation, total attention to quality and giving of value for money to the world-wide customer base.



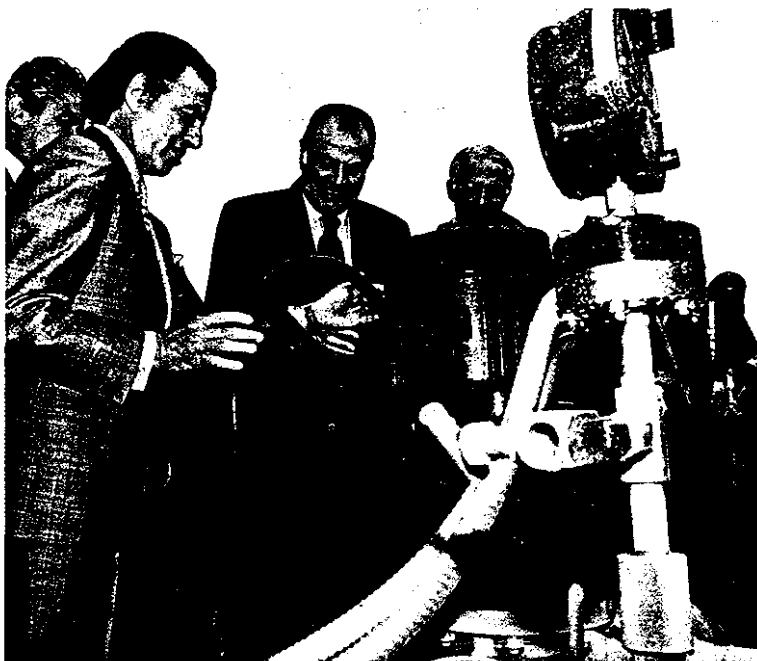
Cognisant of its dominant position in its core market and therefore its inherent limitations for growth, a great deal of work has taken place in researching opportunities in closely related applications. Some promising concepts are being developed to exploit these niches. It is hoped that one or more will come through technical and market feasibility studies to become significant new product ranges.

The division's success is based on the expertise and dedication of its staff, almost half of whom work outside the UK. A substantial investment in worldwide communications will ensure that this increasingly dispersed workforce continues to operate as a closely co-ordinated and committed team.

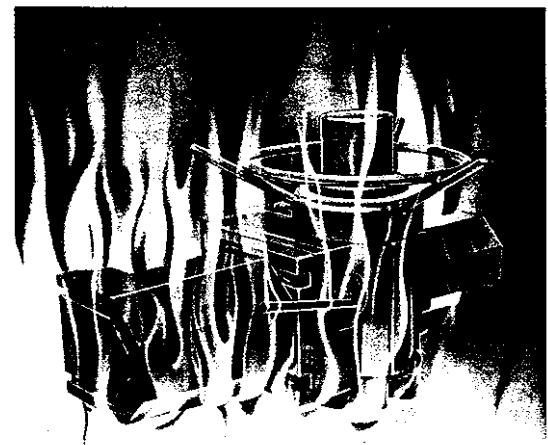
Despite concerns about continuing sluggishness within the US oil and gas markets and the highly competitive nature of the UK water industry, 1995 sales input has commenced at record levels. In the absence of large long-term contracts the outcome will more than ever depend upon the division's ability to win a high percentage of available worldwide business on a week to week basis.



Solar panels provide power for the operation of Rotork valve actuators on the CAMPSA pipeline between Amodóvar and Mérida in Spain (photograph courtesy of El Mercurio).



President Carlos Menem of Argentina and President Patricio Aylwin of Chile operating a Rotork AQ actuator at the inauguration of the new US\$230m Trans Andean oil pipeline.



Rotork actuators with K-Mass™ fireproofing are able to withstand temperatures of 1,100° for 30 minutes to enable safe shutdown of plant in the event of fire.

rotork instruments

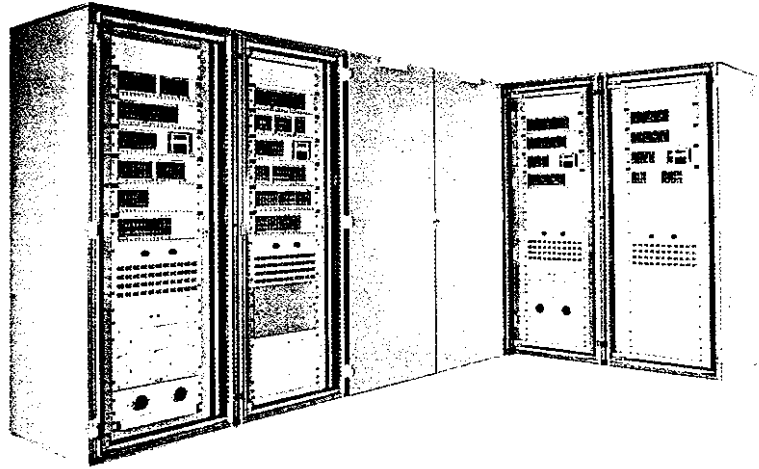


It had been hoped that there would be an early improvement in demand for Instruments' products from the domestic marketplace, on which the company largely depends, but no such upsurge materialised. Recognising that output in the first half of the year would perforce be weak - few of Instruments' significant jobs have lead times of under five months - the company forecast a reduction in profits relative to the preceding year. Against this background, the budget was achieved, all of the profit coming in the final quarter.

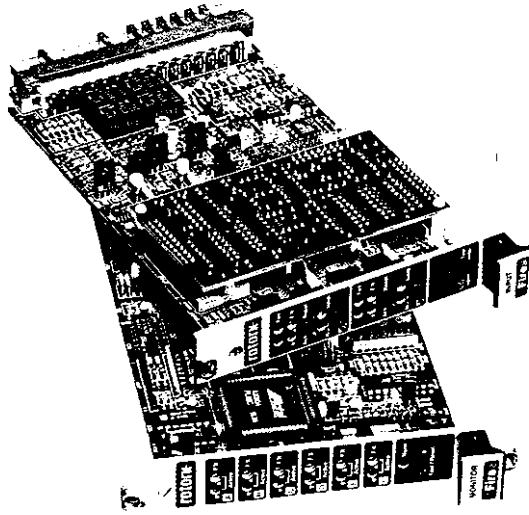
The strength of the yen continued to make the Toshiba product struggle to be competitive, despite the Japanese company's worthy efforts to ameliorate the problem. Further, low capital spending by the oil companies within the UK led to a somewhat disappointing level of orders for emergency shutdown systems. However, the majority of orders received came from existing customers: repeat business for a relatively young product from demanding users is a sure sign of quality.

Micro DCS continued to be very well received. The time taken for an order to gestate can be frustratingly long, with the individual contractors quoted all having in turn to take their competing offers further up the contractual chain. However, several important orders were booked, none of which was invoiced in the year under review.

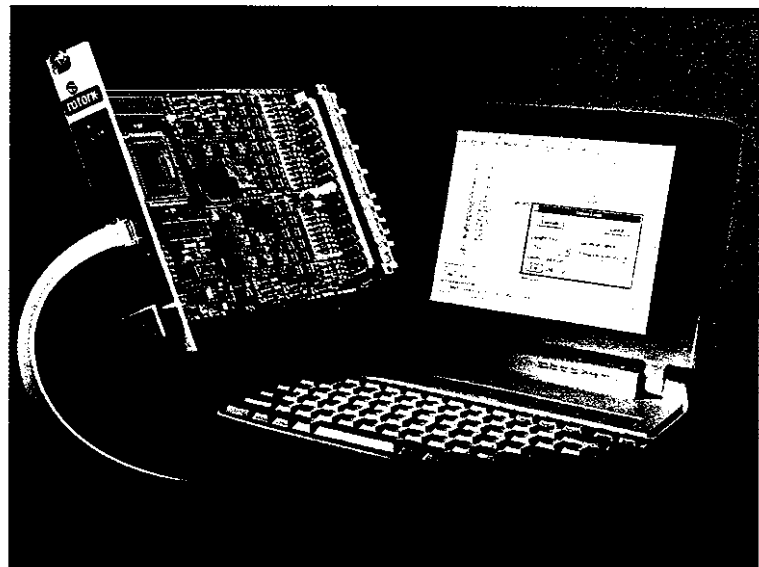
Although uncertainty of demand in recent years has conditioned management to be cautious in its projections, the improvement forecast for the current year may, it is felt, be modestly exceeded.



Protection system for an ethyl benzene polystyrene plant, supplied to a petrochemical plant in Iran.



Rotork Instruments has extended its safety interlock and protection product range to encompass fire and gas alarm systems.



The new CLAM (configurable logic array module) which forms part of the safety shutdown range. It can be configured direct from a PC and provides logic and routing functions.

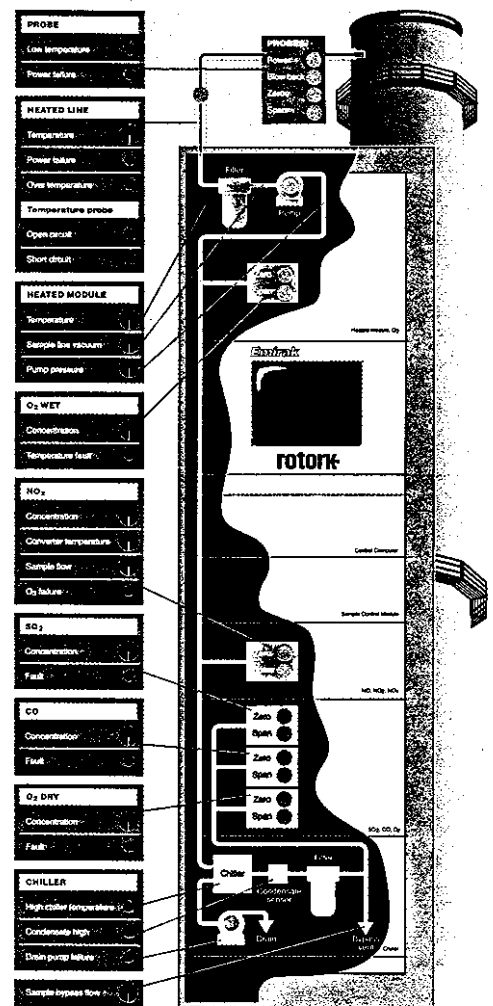
rotork-analysis

The 20% increase in turnover in 1994 should provide the company with a solid platform on which to base the next phase of its international development.

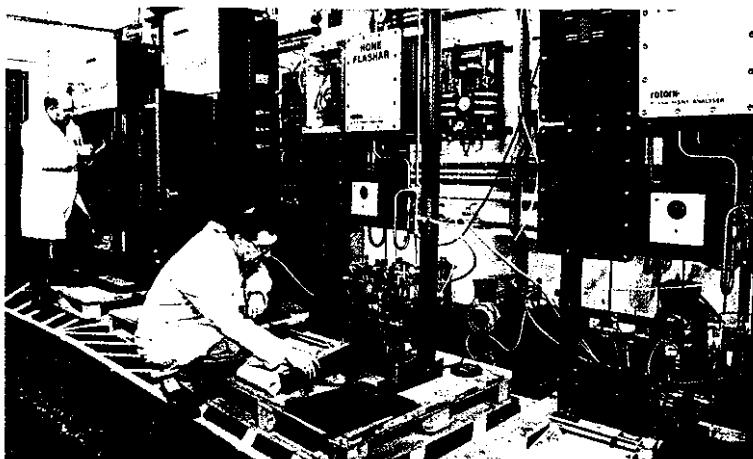
On the refinery side, Hallikainen's integration with Hone enabled the division to win significant business from the Far East, the technical spread of the combined product lines being a decisive ingredient in this success.

On the gas analysis front, a new family of continuous stack emission monitoring systems - Emirak - was launched and orders approaching £1m were received before the year's end. Emirak offers its users a complete solution, from measurement, through data logging to report generation and exemplifies the company's approach to product design. Similar exercises are in hand to upgrade both the refinery range and the air monitoring products.

Organic growth in a highly contested market sector can be painfully slow and Rotork Analysis remains at an early stage in its development: it is however beginning to chart its own definable course.



Front panel of an Emirak simulator which allows all features and diagnostics to be demonstrated at customers' premises.



Final inspection in refinery analysers' test laboratory.



Emirak assembly line.

REPORT OF THE DIRECTORS

for the year ended 31 December 1994

Activities

Rotork p.l.c. is a holding company. The Rotork group is a supplier of control and instrumentation equipment worldwide.

Rotork Actuation provides a range of products, systems and services for the motorisation of industrial valves and dampers. Actuated valves are major control elements in refineries, pipelines, power stations and water distribution systems, sewage and effluent treatment plants and in all industries in which liquids or gases are transported through pipes.

Rotork Instruments designs control and safety systems and also manufactures and markets a wide range of electronic instrumentation for use throughout process control industries.

Rotork Analysis manufactures analysers for use in environmental and refinery applications.

	1994	1993
	£'000	£'000
Summary of group results		
Turnover	77,113	70,750
Profit on ordinary activities before taxation	14,026	12,920
Taxation	-5,118	-4,630
Profit after taxation	8,908	8,290

Proposed dividend

The directors recommend a final dividend of £2,547,000 for the year, payable on 19 May 1995 to shareholders on the register on 24 April 1995. This represents 2.90p per share (1993 2.50p) which, with the interim dividend of 1.90p per share (1993 1.75p) will produce a total dividend per ordinary share of 4.80p (1993 4.25p). It is proposed to transfer the balance of the profit for the year of £4,524,000 (1993 £4,441,000) to group equity reserves.

Shares issued

Details of the ordinary shares issued during 1994 are shown in note 18 on page 21.

At 31 December 1994, 412,217 options, at prices ranging from 42.3p to 182.0p were outstanding under The Rotork Employee Share Option Scheme.

Significant shareholdings

At 31 March 1995, the company had been formally notified that the following are interested in 3% or more of the issued ordinary share capital of the company. For information, non-material interests in 3% or more of the issued ordinary share capital of which the company is aware are also shown.

<i>Material</i>	No.	%
Prudential Corporation group of companies	4,504,000	5.15
Britannic Assurance plc and subsidiaries	3,540,000	4.05
A.M.P. Asset Management plc	3,072,500	3.51
The Equitable Life Assurance Society	2,751,000	3.15
Legal & General group of companies	2,659,800	3.04
<i>Non-material</i>		
Gartmore Investment Management Ltd	5,636,050	6.45
Schroder Investment Management Ltd	5,508,500	6.30
M & G Group P.L.C.	4,281,000	4.90
Legal & General group of companies	3,119,800	3.57

Tax status

The company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

Research and development

Total group expenditure on research and development in the year was £1,128,000 (1993 £999,000) with the majority of this being spent on the development of new products.

Land and buildings

Details of the changes in fixed assets are set out in note 11 on page 18.

Charitable donations

During the year the group made charitable donations of £13,248 (1993 £15,735).

Directors

The members of the board, all of whom served throughout the year, are as shown on page 9. The interests of the directors in the shares of the company are as shown in note 10 on page 17.

None of the directors had, either during the year or at the end of the year, any material interest in a contract with the company or any of its subsidiary undertakings which was of significance in relation to the company's business, other than in connection with a service agreement. PME Pavy, DT Smith and WH Whiteley have service agreements with 2 years' notice. TW Eassie will be retiring on 6 March 1996 and will be succeeded as chief executive by WH Whiteley.

At the annual general meeting PME Pavy and WH Whiteley are due to retire by rotation under the Articles of Association and, being eligible, offer themselves for re-election.

Statement of directors' responsibility for preparing the accounts

The following statement, which should be read in conjunction with the auditors' statement of auditors' responsibilities set out on page 9, is made with a view to distinguishing for shareholders the respective responsibilities of directors and of auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 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 as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements on pages 10 to 25, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed subject to any explanations and any material departures disclosed in the notes to the financial statements. The directors are required to use a going concern basis in preparing the financial statements unless this is inappropriate. After making enquiries, the directors had at the time of approving the financial statements a reasonable expectation that the

company and the group have 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.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

The directors, having prepared the financial statements, have permitted the auditors to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit report.

Directors' authority to issue and repurchase shares

At the annual general meeting an ordinary resolution will be proposed giving the directors a general authority to allot the unissued securities of the company. A special resolution will also be proposed giving a limited authority to issue equity shares for cash notwithstanding the pre-emption provisions of Section 89 of the Companies Act 1985. The limited authority so conferred would empower the directors to make such cash issues other than to equity shareholders, provided that such issues did not exceed in aggregate an amount equal to 2.5% of the issued ordinary share capital of the company. These authorities will expire on the date of the following annual general meeting or 18 May 2000 as appropriate. A special resolution will also be proposed giving a limited authority to repurchase shares up to an amount equal to 8.01% of the issued ordinary share capital of the company. The authority will only be exercised if it would increase earnings per share and is in the best interests of the shareholders generally.

Insurance for directors and officers

The company maintains directors' and officers' liability insurance which provides insurance cover for directors and other officers of group companies against certain personal liabilities which they may incur by reason of their duties as directors and officers.

Corporate governance

The board welcomes the Report of the Committee on the Financial Aspects of Corporate Governance which was published on 1 December 1992. All of the recommendations have been reviewed and the board is satisfied that, with the exception of recommendations on internal controls where further guidance has only recently been published and in relation to the recommendation that there be three non-executive directors on the board which is not currently felt to be merited in a company of Rotork's size, the company complies with the recommendations in the Report.

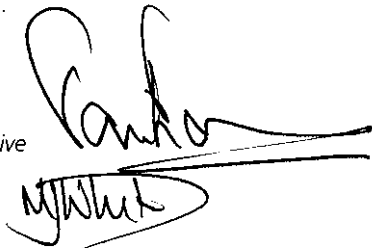
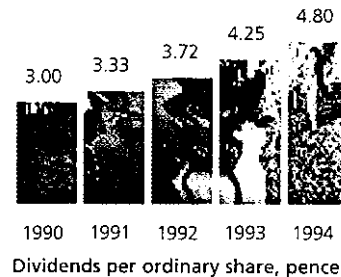
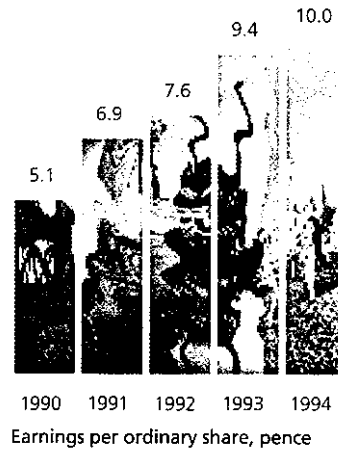
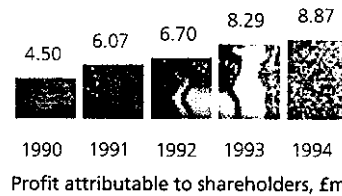
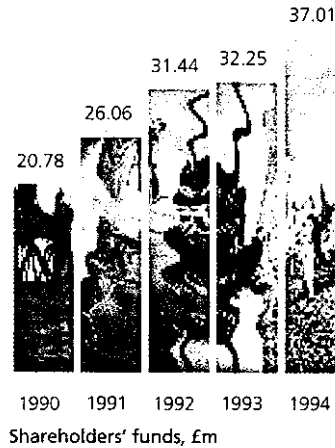
The auditors, KPMG, have confirmed that in their opinion: with respect to the directors' statement on going concern set out on page 7, the directors have provided the disclosures required by paragraph 4.6 of the Code of Best Practice set out in the Report (as supplemented by the related guidance for 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 set out 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 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.

Auditors

On 6 February 1995, the auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name.

In accordance with Section 385 of the Companies Act 1985, resolutions to re-appoint KPMG as auditors and to authorise the directors to fix the remuneration of the auditors are to be proposed at the forthcoming annual general meeting.

On behalf of the board
 TW Eassie, *Chief executive*
 MJ White, *Secretary*
 Bath 20 April 1995

to the members of Rotork p.l.c

J Lancaster (59)

Non-executive chairman

A director since 1977, chairman since 1984 and a member of the Audit, Remuneration and Nomination Committees. He is also chairman and managing director of Wolseley plc and a director of both Tomkinsons plc and The Kleinwort Benson Group plc.

TW Eassie (59)

Chief executive

A director since 1972 and group chief executive since 1984. He is a member of the Nomination Committee.

RC Lockwood (49)

A non-executive director since 1988. He is a member of the Audit, Remuneration and Nomination Committees.

PME Pavy (50)

A director since 1984 and responsible for the Analysis division.

DT Smith (56)

Group finance director since 1975.

WH Whiteley (46)

A director since 1984 and responsible for the Actuation division.

Secretary and registered office

MJ White

Rotork House

Brassmill Lane

Bath BA1 3JQ

We have audited the financial statements on pages 10 to 25.

Respective responsibilities of directors and auditors

As described on page 7 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 31 December 1994 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

Bristol

Chartered Accountants

Registered Auditors

20 April 1995

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1994

	Notes	Continuing operations	
		1994 £'000	1993 £'000
Turnover	2	77,113	70,750
Cost of sales		-43,484	-40,461
Gross profit		33,629	30,289
Distribution costs		-1,596	-1,159
Administrative expenses		-18,994	-17,554
Other operating income		403	342
Operating profit		13,442	11,918
Share of profits of associated undertaking		-	104
Interest receivable and similar income	3	749	988
Interest payable and similar charges	4	-165	-90
Profit on ordinary activities before taxation	5	14,026	12,920
Tax on profit on ordinary activities	6	-5,118	-4,630
Profit on ordinary activities after taxation		8,908	8,290
Minority equity interest		-36	-
Profit for the financial year	7	8,872	8,290
Preference dividends on non-equity shares		-147	-147
Ordinary dividends on equity shares	8	-4,201	-3,702
		-4,348	-3,849
Retained profit for the financial year	19	4,524	4,441
		pence	pence
Earnings per share	9	10.0	9.4

The notes on pages 14 to 25 form part of these accounts.

No operations were discontinued in 1994 or 1993, and there were no acquisitions in 1994.

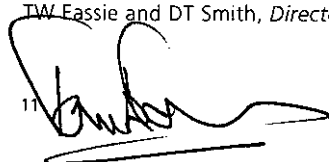
BALANCE SHEETS

at 31 December 1994

	Notes	Group 1994 £'000	Group 1993 £'000	Company 1994 £'000	Company 1993 £'000
Fixed assets					
Tangible assets	11	10,339	10,663	342	79
Investments	12	29	29	16,474	16,474
		10,368	10,692	16,816	16,553
Current assets					
Stocks	13	10,739	11,619	-	-
Debtors	14	17,555	18,392	2,929	2,069
Cash at bank and in hand		19,072	11,904	12,738	8,014
		47,366	41,915	15,667	10,083
Creditors: amounts falling due within one year	15	-19,232	-18,689	-9,207	-6,000
Net current assets		28,134	23,226	6,460	4,083
Total assets less current liabilities		38,502	33,918	23,276	20,636
Creditors: amounts falling due after more than one year	16	-150	-234	-	-
Provisions for liabilities and charges	17	-1,162	-1,264	-	-34
Net assets		37,190	32,420	23,276	20,602
Minority equity interest in subsidiary undertaking		-175	-167	-	-
		37,015	32,253	23,276	20,602
Capital and reserves					
Called up share capital	18	5,921	5,894	5,921	5,894
Share premium account	19	2,472	1,952	2,472	1,952
Revaluation reserve	19	2,383	2,383	-	-
Merger reserve	19	-	-	9,254	9,254
Profit and loss account	19	26,239	22,024	5,629	3,502
Rotork shareholders' funds		37,015	32,253	23,276	20,602
Equity		35,464	30,702	21,725	19,051
Non-equity		1,551	1,551	1,551	1,551
Shareholders' funds		37,015	32,253	23,276	20,602

The notes on pages 14 to 25 form part of these accounts.

These accounts were approved by the board of directors on 20 April 1995 and were signed on its behalf by TW Fessie and DT Smith, *Directors*.




STATEMENT OF CASH FLOW

for the year ended 31 December 1994

	Notes	Group 1994 £'000	Group 1993 £'000
Net cash inflow from operating activities	20	16,127	10,225
Returns on investments and servicing of finance			
Interest received		723	1,009
Interest paid		-146	-92
Interest element of finance lease payments		-15	-11
Dividends received from associated undertaking		-	34
Dividends paid on:			
Non-equity preference shares		-147	-147
Equity ordinary shares		-3,776	-3,399
Minority equity ordinary shares		-8	-
Net cash outflow on returns on investments and servicing of finance		-3,369	-2,606
Taxation			
UK Corporation tax paid		-2,128	-1,971
Overseas tax paid		-2,799	-1,801
Tax paid		-4,927	-3,772
Investing activities			
Purchase of tangible fixed assets		-1,283	-2,626
Purchase of businesses (net of cash and cash equivalents acquired)		-5	-4,813
Deferred consideration on sale of business		189	101
Sale of tangible fixed assets		169	100
Net cash outflow on investing activities		-930	-7,238
Net cash inflow/outflow before financing activities		6,901	-3,391
Financing			
Issue of ordinary share capital		544	311
Repayment of amounts borrowed		-108	-607
Capital element of finance lease payments		-62	-34
Net cash inflow/outflow from financing	20	374	-330
Increase/decrease in cash and equivalents	20	7,275	-3,721

STATEMENT OF THE GROUP'S TOTAL RECOGNISED GAINS AND LOSSES

	1994 £'000	1993 £'000
Profit for the financial year	8,872	8,290
Exchange differences	-301	-543
Total gains and losses recognised since last annual report	8,571	7,747

NOTE ON THE GROUP'S HISTORICAL COST PROFITS AND LOSSES

Reported profit on ordinary activities before taxation	14,026	12,920
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amounts	181	108
Historical cost profit on ordinary activities before taxation	14,207	13,028
Historical cost retained profit for the financial year	4,705	4,549

RECONCILIATION OF MOVEMENTS IN ROTORK SHAREHOLDERS' FUNDS

Profit for the financial year	8,872	8,290
Preference dividends on non-equity shares	-147	-147
Ordinary dividends on equity shares	-4,201	-3,702
	4,524	4,441
Exchange differences	-301	-543
New ordinary share capital issued	544	375
Goodwill written back	-	15
Goodwill written off	-5	-3,473
Net additions to shareholders' funds	4,762	815
Shareholders' funds at beginning of the year	32,253	31,438
Shareholders' funds at end of the year	37,015	32,253

NOTES TO THE ACCOUNTS

for the year ended 31 December 1994

Except where indicated values in the notes are in £'000

1 Accounting policies

The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the accounts of the group and of the company.

Basis of accounting

The accounts have been prepared under the historical cost convention supplemented by the revaluations explained in note 11 to the accounts and have been prepared in accordance with applicable accounting standards.

Consolidation

The consolidated accounts incorporate the accounts of the company and its subsidiary undertakings together with the group's share of the results and net assets of its associated undertaking for the year to 31 December 1994.

Goodwill purchased is written off directly against reserves in the year of acquisition. A separate profit and loss account dealing with the results of the company only has not been presented, as permitted by Section 230(4) of the Companies Act 1985.

Segmental information

The group has taken advantage of the provisions of the Companies Act 1985 (Sch. 4, para. 55(5)) and of SSAP 25 not to disclose segmental or geographical market information on the grounds that, in the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the group.

Depreciation and amortisation

Freehold land is not depreciated. Long leasehold buildings are amortised over fifty years or the expected useful life of the building where less than fifty years. Other assets are depreciated by equal annual instalments by reference to their estimated useful lives and residual values at the following annual rates:

Freehold buildings	2% to 4%
Short leasehold buildings	period of lease
Machinery, plant and equipment	10% to 30%

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost on a 'first in, first out' basis and net realisable value. In respect of work in progress and finished goods, cost includes all production overheads and the attributable proportion of indirect overhead expenses.

Profits in respect of long-term contracts are recognised on a percentage of completion basis when the contracts' ultimate outcomes can be foreseen with reasonable certainty. Provisions are made for all foreseeable contract losses.

Research and development

Expenditure on research and development of the group's products is written off against profits in the year in which it is incurred.

Foreign exchange

Exchange differences arising from the re-statement of opening balance sheets of subsidiary undertakings are dealt with through reserves. Closing balance sheets of overseas subsidiary undertakings and foreign currency assets and liabilities are expressed in sterling at rates ruling at the year end. Exchange differences on other currency transactions are included in the profit and loss account. The results of overseas subsidiary undertakings are translated at the average rates of exchange for the year and the difference in relation to closing rates is dealt with through reserves.

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future. Advance corporation tax recoverable in future years is deducted in arriving at the balance on the deferred taxation account.

Expense classification

Cost of sales includes all direct manufacturing costs and related overheads including depreciation. Distribution costs consist of transport and marketing costs, but exclude all other overheads. Administrative expenses include costs of product development and all other overheads.

Leasing

Where fixed assets are financed by leasing agreements, which give rights approximating to ownership, the assets are treated as if they had been purchased and the capital element of the leasing commitments is shown as obligations under finance leases. The rentals payable are apportioned between interest, which is charged to the profit and loss account, and capital, which reduces the outstanding obligation so as to give a constant rate of charge on the outstanding lease obligations. Costs in respect of operating leases are charged in arriving at the operating profit.

Pensions

The group operates a number of pension schemes and contributes to these schemes in accordance with qualified actuaries' recommendations. Contributions are charged to the profit and loss account so as to spread the cost over the remaining working lives of the employees within the schemes.

2 Turnover

Turnover represents gross sales made and services supplied in engineering, excluding value added tax and returns and allowances. Long-term contracts are

included in turnover on the basis of the sales value of work performed during the year.

3 Interest receivable and similar income

	Group 1994	Group 1993
Short term deposits	662	895
Other	87	93
	<u>749</u>	<u>988</u>

4 Interest payable and similar charges	Group 1994	Group 1993
Bank overdrafts and loans	36	45
Finance leases	15	11
Term loan	10	11
Other	104	23
	<u>165</u>	<u>90</u>

All the interest payable and similar charges were on borrowings repayable within five years.

5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging or crediting the following:

Depreciation and other amounts written off tangible fixed assets:		
Owned assets	1,484	1,428
Assets held under finance lease contracts	29	22
Research and development expenditure	1,128	999
Hire of plant and machinery	540	332
Other operating lease rentals	141	188
Auditors:		
Audit fees and expenses	180	163
Taxation and consultancy fees paid to KPMG in respect of UK companies	41	46
Exchange differences realised	-159	-105

Taxation and consultancy fees paid to KPMG in respect of the company were £23,000 (1993 £24,000)

6 Tax on profit on ordinary activities

Taxation based on the profit for the year of the company and its subsidiary undertakings:

UK taxes:		
Corporation tax at 33%	3,544	3,389
Deferred taxation	-106	-44
Under/over-provision in prior years	23	-12
	<u>3,461</u>	<u>3,333</u>
Double taxation relief	-1,127	-1,194
	<u>2,334</u>	<u>2,139</u>
Overseas taxes:		
Current tax charge	2,677	2,200
Deferred taxation	134	268
Over-provision in prior years	-27	-83
	<u>2,784</u>	<u>2,385</u>
Tax on profits of associated undertaking	5,118	4,524
	<u>-</u>	<u>106</u>
	<u>5,118</u>	<u>4,630</u>

The tax charge includes £22,983 (1993 £36,874) unrelieved overseas tax arising from the payment of intra group dividends.

7 Profit for the financial year	Group 1994	Group 1993
Dealt with in the accounts of the company	6,477	5,719
Retained by subsidiary undertakings	2,395	2,573
Retained by associated undertaking	-	-2
	<u>8,872</u>	<u>8,290</u>

8 Ordinary dividends

Interim paid 1.90p per share (1993 1.75p)	1,654	1,521
Final proposed 2.90p per share (1993 2.50p)	2,547	2,181
	<u>4,201</u>	<u>3,702</u>

9 Earnings per share

Earnings per ordinary share is based on earnings attributable to ordinary shareholders of £8,725,000 (1993 £8,143,000) and on the weighted average issued ordinary shares of 87,173,179 (1993 86,802,452).

The potential dilution which could arise from outstanding options is not material.

10 Employees

During the year, the average weekly number of employees, analysed by business activity, was:

	No.	No.
Actuation	695	522
Instruments	95	98
Analysis	56	52
Rotork p.l.c. administration	7	7
	<u>853</u>	<u>679</u>
UK	520	462
Overseas	333	217
	<u>853</u>	<u>679</u>
Staff costs during the year were:	£'000	£'000
UK:		
Wages and salaries	9,747	8,443
Social security costs	811	660
Pension costs	807	733
	<u>11,365</u>	<u>9,836</u>
Overseas:		
Wages and salaries	5,249	4,630
Social security costs	605	550
Pension costs	245	224
	<u>6,099</u>	<u>5,404</u>
	<u>17,464</u>	<u>15,240</u>

Note 10 continued

Directors' emoluments for the year were:	Group 1994	Group 1993
Fees	20	20
Salaries	318	305
Commission	78	111
Benefits	23	19
Pension costs		
Chairman	-	-
Highest paid director	43	42
Others	60	59
	<u>542</u>	<u>556</u>

Emoluments (excluding pension contributions) of directors whose duties were wholly or mainly discharged in the UK were:	£	£
Chairman, being fees paid to a company in respect of services provided	20,000	20,000
Highest paid director, including commission of £29,070 (1993 £41,936)	133,894	142,834

The numbers of directors (including the foregoing) whose emoluments fell within the following bands were:	No.	No.
£10,001 - £15,000	1	1
£15,001 - £20,000	1	1
£75,001 - £80,000	1	1
£85,001 - £90,000	1	-
£90,001 - £95,000	-	1
£105,001 - £110,000	1	1
£130,001 - £135,000	1	-
£140,001 - £145,000	-	1

The commission scheme for executive directors has been in effect since 1 January 1983. Commission is based on the percentage increase in profit for the year in question over the highest average annual profit of any prior period of three consecutive years.

Directors' interests

Interests in shares

The interests of the directors in the ordinary share capital of the company according to the register required to be kept by Section 325 of the Companies Act 1985, at 31 December 1994 (compared with interests at 31 December 1993) were as follows:

	1994		1993	
	Beneficial	Non beneficial	Beneficial	Non beneficial
TW Eassie	84,371	-	81,776	-
J Lancaster	-	-	-	-
RC Lockwood	-	-	-	-
PME Pavy	33,785	-	36,756	-
DT Smith	16,848	36,645	11,133	42,000
WH Whiteley	72,579	-	67,226	-

The beneficial interests as at 31 December included the following ordinary shares held under The Rotork Profit-Linked Share Scheme:

	1994	1993
TW Eassie	10,544	9,554
PME Pavy	7,112	6,531
DT Smith	6,713	6,135
WH Whiteley	7,095	6,455

The Rotork Profit-Linked Share Scheme was approved by the Inland Revenue in 1979. Up to 5% of net profits are distributed to employees annually, by reference to years of service and salary, in the form of ordinary shares. Allocations to directors were:

	1994	1993
TW Eassie	1,715	1,767
PME Pavy	1,130	1,197
DT Smith	1,088	1,116
WH Whiteley	1,161	1,182

These figures are included in the beneficial interests.

Share options

Interests of directors in the company's Employee Share Option Scheme were nil (1993 nil).

Save as disclosed, no director or his family had any interest in the shares of the company at 31 December 1994. There have been no changes in the holdings of directors between 31 December 1994 and 31 March 1995.

11 Tangible fixed assets	Group			Company		
	land and buildings	machinery, plant and equipment	total	land and buildings	machinery, plant and equipment	total
Cost or valuation at 1 January 1994	8,450	11,450	19,900	170	55	225
Exchange differences	21	-131	-110	-	-	-
Additions	105	1,236	1,341	-	3	3
Disposals	-	-275	-275	-	-	-
Transfer from subsidiary	-	-	-	717	-	717
At 31 December 1994	8,576	12,280	20,856	887	58	945
Depreciation at 1 January 1994	1,277	7,960	9,237	100	46	146
Exchange differences	-16	-96	-112	-	-	-
Charge for year	321	1,192	1,513	85	5	90
Disposals	-	-121	-121	-	-	-
Transfer from subsidiary	-	-	-	367	-	367
At 31 December 1994	1,582	8,935	10,517	552	51	603
Net book value at 31 December 1994	6,994	3,345	10,339	335	7	342
at 31 December 1993	7,173	3,490	10,663	70	9	79
Net book value included finance leased assets at 31 December 1994		148	148		-	-
at 31 December 1993		81	81		-	-
Land and buildings stated in accordance with historical cost convention were:	1994	1993		1994	1993	
Cost	6,698	6,571		651	21	
Depreciation	1,302	1,163		142	12	
Net book value at 31 December	5,396	5,408		509	9	
Net book value included:						
Freehold land (not depreciated)	1,304	1,387		125	-	
Freehold buildings	3,545	3,523		150	-	
Long leasehold	2,085	2,193		-	-	
Short leasehold	60	70		60	70	
Net book value at 31 December	6,994	7,173		335	70	
£8,576,000 (1993 £8,450,000) included the following properties at the revalued amounts shown. The year of revaluation is also given.						
London leasehold, 1983	170	170		170	170	
Bath freehold, 1991	105	105		-	-	
Bath leasehold, 1991	2,245	2,245		-	-	
Faringdon freehold, 1991	340	340		-	-	
	2,860	2,860		170	170	

The revaluations were based on the market value for the existing use.

12 Investments (held as fixed assets)	Group 1994	Group 1993	Company 1994	Company 1993
Cost of shares in group companies	-	-	16,474	16,474
Share of post acquisition profit	29	29	-	-
	<u>29</u>	<u>29</u>	<u>16,474</u>	<u>16,474</u>

The company owns 25% of the total issued 100 equity ordinary £1 shares of Graphics Interface Ltd, an undertaking which is incorporated in England and has graphic design and printing as its principal activity. It has a year end of 31 December and no debt securities.

13 Stocks and work in progress

Raw materials and purchased components	6,579	7,698		
Short term work in progress	3,269	2,647		
Finished stocks	891	1,274		
	<u>10,739</u>	<u>11,619</u>		

14 Debtors

Amounts falling due within one year:				
Trade debtors	15,434	15,579	-	-
Amounts owed by subsidiary undertakings	-	-	2,809	1,914
Amounts owed by associated undertaking	2	8	2	8
Other debtors	725	1,494	56	127
Prepayments and accrued income	975	586	51	6
Taxation recoverable	146	332	-	-
Amounts recoverable on contracts	-	111	-	-
Advance corporation tax recoverable	11	14	11	14
	<u>17,293</u>	<u>18,124</u>	<u>2,929</u>	<u>2,069</u>
Amounts falling due after more than one year:				
Trade debtors	238	260	-	-
Other debtors	24	8	-	-
	<u>262</u>	<u>268</u>	<u>-</u>	<u>-</u>
	<u>17,555</u>	<u>18,392</u>	<u>2,929</u>	<u>2,069</u>

15 Creditors: amounts falling due within one year

Industrial Development Revenue Bond	53	56	-	-
Bank loans and overdrafts	198	302	6,324	3,547
Net obligations under finance leases	48	113	-	-
Borrowings	299	471	6,324	3,547
Trade creditors	6,226	5,621	13	22
Bills of exchange	93	164	-	-
Amounts owed to associated undertaking	4	40	-	-
Corporation tax	3,506	3,457	-	-
Other taxes and Social Security	738	851	22	43
Other liabilities	1,428	1,636	7	19
Accruals and deferred income	4,307	4,244	210	164
Dividends payable	2,631	2,205	2,631	2,205
	<u>19,232</u>	<u>18,689</u>	<u>9,207</u>	<u>6,000</u>

16 Creditors: amounts falling due after more than one year	Group 1994	Group 1993	Company 1994	Company 1993
Industrial Development Revenue Bond	85	135	-	-
Bank loans	42	78	-	-
Net obligations under finance leases	23	21	-	-
	<u>150</u>	<u>234</u>	<u>-</u>	<u>-</u>
Borrowings				
Total borrowings comprise:				
Secured:				
Industrial Development Revenue Bond	138	191	-	-
Bank loans and overdrafts	121	332	-	-
	<u>259</u>	<u>523</u>	<u>-</u>	<u>-</u>
Unsecured:				
Bank loans and overdrafts	119	48	6,324	3,547
Net obligations under finance leases	71	134	-	-
	<u>449</u>	<u>705</u>	<u>6,324</u>	<u>3,547</u>
Analysis for cash flow purposes (see note 20 on page 22)				
Overdrafts and short-term loans	159	239		
Financing	290	466		
	<u>449</u>	<u>705</u>		

Industrial Development Revenue Bond
Under an agreement dated 1 December 1982, Rotork Controls Inc entered into an agreement to finance the purchase of its factory through a US\$1,000,000 Industrial Development Revenue Bond. The term of the agreement is 15 years, with quarterly payments of US\$16,670 which began on 1 April 1983. Interest is payable quarterly at a rate based on 86.75% of the prime rate, which was 8.5% at 31 December 1994.

Bank loans
The secured bank loans represent the balance outstanding on a draw down loan and overdraft facility secured by Rotork Controls (Singapore) Pte Ltd to purchase its premises and a working capital loan and overdraft facility secured by Rotork Controls (India) Ltd.

The loan in Singapore is repayable by monthly instalments of S\$7,500 or, subject to three months prior notice, any amount thereof without penalty. The interest rate is at 0.875% over the bank's prime rate which at 31 December 1994 was 6.25%. The loan is secured on the company's property.

The loan in India is secured on the stocks, book debts and certain plant and machinery. The whole amount is repayable on demand.

Analysis by year of repayment:

Secured loans:				
Within one year or on demand	132	310	-	-
From two to five years	127	213	-	-
	<u>259</u>	<u>523</u>	<u>-</u>	<u>-</u>
Other bank loans and overdrafts:				
Within one year	119	48	6,324	3,547
	<u>119</u>	<u>48</u>	<u>6,324</u>	<u>3,547</u>
Net obligations under finance leases:				
Within one year	48	113	-	-
From two to five years	23	21	-	-
	<u>71</u>	<u>134</u>	<u>-</u>	<u>-</u>

Obligations under operating leases are shown under note 21.

17 Provisions for liabilities and charges	Group deferred taxation	warranty	pensions	other	total	Company deferred taxation
Balance at 1 January 1994	-	669	492	103	1,264	34
Exchange differences	24	-9	-29	3	-11	-
Utilised during the year	-62	-418	-138	-	-618	-
Charged in the profit and loss account	28	249	126	-17	386	-34
Transferred from current assets	10	-	-	-	10	-
Transferred from current liabilities	-	131	-	-	131	-
Balance at 31 December 1994	-	622	451	89	1,162	-

The amounts provided for deferred taxation and the full potential liability are:	Group 1994 amount provided	Group 1994 full potential liability	Group 1993 amount provided	Group 1993 full potential liability
Difference between accumulated depreciation and capital allowances	97	97	81	81
Other timing differences	-167	-167	-141	-141
UK	-27	-27	-	-
Overseas	-43	-43	-60	-60
Included within prepayments and accrued income	-70	-70	-60	-60

	Company 1994 amount provided	Company 1994 full potential liability	Company 1993 amount provided	Company 1993 full potential liability
Difference between accumulated depreciation and capital allowances	-	-	2	2
Short term timing differences	-	-	32	32
	-	-	34	34

No provision for deferred taxation has been made in relation to the surplus on the revaluation of land and buildings included in the revaluation reserve. If these properties were disposed of at their values in the accounts, it is estimated that there would be no taxation liability after relief for available capital losses.

The majority of the pensions provision related to projected obligations under Rotork Controls Inc's Employee Benefit Plan.

18 Share capital	Authorised 1994	1993	Issued and fully paid up 1994	1993
Non-equity 9½% cumulative preference shares of £1 each	1,551	1,551	1,551	1,551
Equity ordinary shares of 5p each	5,449	5,449	4,370	4,343
	7,000	7,000	5,921	5,894

The preference shareholders take priority over the ordinary shareholders on a distribution in the winding up of the company or on a reduction of capital involving a return of capital. The holders of preference shares are entitled to vote at a general meeting of the company if a preference dividend is in arrear for six months or the business of the meeting includes the consideration of a resolution for winding up the company or the alteration of the preference shareholders' rights.

Ordinary shares issued during the year were:	
186,145	The trustees of The Rotork Profit-Linked Share Schemes at 176.9p per share (1993 119,472)
275,329	The Rotork Employee Share Option Scheme at prices between 42.3p and 112.3p (1993 71,646)
59,736	Adjustment relating to 1993 capitalisation issue to the trustees of The Rotork Profit-Linked Share Schemes
521,210	Total shares issued in year

19 Equity reserves	Group share premium	revaluation reserve	profit and loss account	Company share premium	merger reserve	profit and loss account
As at 1 January 1994	1,952	2,383	22,024	1,952	9,254	3,502
Profit retained	-	-	4,524	-	-	2,130
Premium on new shares issued	520	-	-	520	-	-
Capitalisation issue	-	-	-3	-	-	-3
Goodwill written off	-	-	-5	-	-	-
Exchange translation differences	-	-	-301	-	-	-
As at 31 December 1994	2,472	2,383	26,239	2,472	9,254	5,629

Goodwill of £17,629,000 (1993 £17,624,000) in respect of subsidiary undertakings which continue to be members of the group and businesses acquired has been written off against the group equity profit and loss and merger reserves.

20 Cash flow analysis	Group 1994	Group 1993
Reconciliation of operating profit to net cash flow from operating activities		
Operating profit	13,442	11,918
Depreciation charge	1,513	1,450
Other	111	28
Decrease/increase in stocks	663	-344
Decrease/increase in debtors	341	-1,660
Increase/decrease in creditors and provisions	57	-1,167
	16,127	10,225

Analysis of changes in financing during the year	Share capital (inc share premium)	Loans and finance leases (see note 16)	Net financing
Balance at 31 December 1992	6,089	437	6,526
Borrowings acquired	-	669	669
Net cash outflow from financing	311	-641	-330
Capitalisation issue and shares issued for acquisition	1,508	-	1,508
Exchange differences	-	1	1
Balance at 31 December 1993	7,908	466	8,374
Net cash inflow from financing	544	-170	374
Capitalisation issue adjustment	3	-	3
Exchange differences	-	-6	-6
Balance at 31 December 1994	8,455	290	8,745

Analysis of changes in cash and cash equivalents	Cash at bank and in hand	Investments	Bank loans and overdrafts (see note 16)	Net cash and cash equivalents
Balance at 31 December 1992	14,501	1,042	-19	15,524
Net cash outflow in 1993	-2,581	-1,040	376	-3,245
Net borrowings acquired	119	-	-595	-476
Exchange differences	-137	-	-1	-138
Balance at 31 December 1993	11,902	2	-239	11,665
Net cash inflow in 1994	7,200	-2	77	7,275
Exchange differences	-30	-	3	-27
Balance at 31 December 1994	19,072	-	-159	18,913

The net outflow of cash and cash equivalents in respect of the purchase of businesses in 1993 was

Cash consideration	4,337
Cash at bank	-119
Bank overdrafts	595
	4,813

21 Commitments	Group 1994	Group 1993	Company 1994	Company 1993
Capital commitments at 31 December, for which no provision has been made in these accounts, were:				
Contracted	90	239	-	-
Authorised but not contracted	1,188	975	5	5
	1,278	1,214	5	5
Commitments under operating leases:				
	land and buildings	machinery, plant and equipment	total	machinery, plant and equipment
Instalments falling due within one year for leases expiring:				
Within one year	76	92	168	5
From two to five years	50	383	433	12
At 31 December 1994	126	475	601	17
Within one year	60	122	182	6
From two to five years	46	263	309	11
At 31 December 1993	106	385	491	17

22 Pensions

During the year the group operated five contributory pension schemes covering the majority of its permanent employees. Two of these schemes, including one overseas, were funded defined benefit pension schemes and three defined contribution pension schemes.

The total pension cost for the group was £1,051,993 (1993 £884,114) of which £238,690 (1993 £213,318) related to the overseas schemes.

The principal UK scheme, covering the majority of the group's pensionable employees, cost the participating companies £718,825 for 1994 in respect of contributions. This has been assessed in accordance with the advice of an independent qualified actuary, using the projected unit method over a 20 year control period.

The latest actuarial valuation of this scheme was at 31 March 1992. The assumptions which have the most significant effect on the results of this valuation are those relating to the rate of return on investments and

the rates of increase in salaries and pensions. It was assumed that the investment return would be 8.5% per annum, that salary increases would be 7.5% per annum and that present and future pensions would increase at a rate of 4.5% per annum.

At 31 March 1994 the market value of the scheme, excluding additional voluntary contributions, was £20,776,942. The actuarial value of the assets was sufficient to cover 110% of the benefits that have accrued to members, after allowing for the expected future increases in earnings. The residual surplus is being used to maintain contributions at their present level.

The pension costs in respect of the other defined benefit schemes have been determined in accordance with advice from independent qualified actuaries and at the date of their last valuations the schemes were fully funded. The contribution rate for the defined contribution schemes was as set out in the declaration of trust and rules.

23 Contingencies

At 31 December 1994, contingent liabilities existed in respect of guarantees and indemnities which have not been provided for in the accounts and amounted to £1,588,000 (1993 £1,083,593). A corresponding amount of £667,000 (1993 £1,834,004) related to the company. The UK banking arrangements are subject to cross-guarantees between the company and its UK subsidiary undertakings.

DIRECTORY

	Company	Address and principal place of business
Parent company	Rotork p.l.c.	Rotork House Bath BA1 3JQ, England
Rotork actuation	Rotork Controls Ltd	Rotork House Bath BA1 3JQ, England
	Exeeco Ltd	Regina House, Ring Road Bramley, Leeds LS13 4ET, England
	Rotork Controls Inc	19 Jet View Drive Rochester, NY 14624, USA
	Rotork Controls (Canada) Ltd West	9,820 - 28th Street NE Calgary, Alberta T2A 6K1, Canada
	East	1-2 5650 Tomken Road Mississauga, Ontario L4W 4P1, Canada
	Rotork Motorisation SA	Urbaparc 3, 75 rue Rateau, 93127 La Courneuve Cedex, France
	Rotork Controls (Italia) Srl	Centro Commerciale Milanofiori, Strada 7 Palazzo T3, 20089 - Rozzano (Milan) Italy
	Rotork Controls (Deutschland) GmbH	Postfach 648 40706 Hilden (Nr Düsseldorf), Germany
	Rotork Controls (España) SL	Ctra. Barrika-Sopelana 9, 48620 Barrika-Vizcaya, Spain
	Rotork Controls (Singapore) Pte Ltd	426 Tagore Avenue Singapore 2678
	Rotork Australia Pty Ltd	PO Box 189W, Ballarat West Victoria 3350, Australia
	Rotork BV	Postbus 3597 3003 AN Rotterdam, Netherlands
	Rotork Arabia Ltd	PO Box 3980 Al Khobar 31952, Saudi Arabia
Rotork Controls (India) Ltd	28B Ambattur Industrial Estate (N) Madras 600 098, India	
Representaciones Partner SA	Apartado 75515 Caracas 1070-A, Venezuela	
Rotork Ltd	Unit 2403 Dominion Centre, 43-59 Queen's Road East Wanchai, Hong Kong	
Rotork Controls (Korea) Co., Ltd	2nd Floor, Daekyong Building 839-15 Yoksam-Dong, Kangnam-Ku, Seoul, South Korea	
Licensee	Shimadzu Corporation	25 Saiin-Oiwakecho Ukyo-ku, Kyoto 615, Japan
Rotork instruments	Rotork Instruments Ltd	30 Chaul End Lane Luton, Beds LU4 8EZ, England
Rotork analysis	Rotork Analysis Ltd	Regal Way, Faringdon Oxon, SN7 7BX, England
Other companies	Rotork Inc	The Granite Building, 101 E. Main Street Rochester, NY 14604, USA
	Rotork Overseas Ltd	Rotork House Bath BA1 3JQ, England
Associated undertaking	Graphics Interface Ltd	Roseberry Road Bath BA2 3DX, England

All the shares in subsidiary undertakings are of the equity class.
Countries of incorporation are as stated in the addresses.
All principal subsidiary undertakings are shown above.

Status	Contact	Telephone	Telefax
	Jeremy Lancaster <i>Chairman (non-executive)</i>	(01225) 733200	(01225) 733381
	Tom Eassie <i>Group chief executive</i>	(01225) 733200	(01225) 733381
100% owned by Rotork p.l.c.	William Whiteley <i>Managing director</i>	(01225) 733200	(01225) 333467
100% owned by Rotork Controls Ltd	Adrian Carr <i>Managing director</i>	(0113) 256 7922	(0113) 256 3556
100% owned by Rotork Inc	Robert Arnold <i>President</i>	+1 716 328 1550	+1 716 328 5848
100% owned by Rotork Overseas Ltd	Chris Bone <i>Vice president</i>	+1 403 569 9455	+1 403 569 9414
	David Simons <i>Sales manager</i>	+1 416 602 5665	+1 416 602 5669
100% owned by Rotork Overseas Ltd	Bruno Deverly <i>Directeur général</i>	+33 48 35 44 99	+33 48 35 42 54
100% owned by Rotork Overseas Ltd	Cesare Cereghini <i>General manager</i>	+39 8241001	+39 89200301
100% owned by Rotork Overseas Ltd	Jürgen Vogel <i>Geschäftsführer</i>	+49 2103 54098	+49 2103 54090
100% owned by Rotork Overseas Ltd	Joaquin Pastor-Velasquez <i>General manager</i>	+34 4 676 4244	+34 4 676 4864
100% owned by Rotork Overseas Ltd	Peter Rowles <i>General manager</i>	+65 4571233	+65 4576011
100% owned by Rotork Overseas Ltd	Jeff Quarrell <i>General manager</i>	+61 53 381566	+61 53 381570
100% owned by Rotork Overseas Ltd	Frank Koopmans <i>General manager</i>	+31 10 4146911	+31 10 4144750
60% owned by Rotork Overseas Ltd	Kieran Aust <i>Acting general manager</i>	+966 3 857 9956	+966 3 857 7170
74% owned by Rotork Controls Ltd	Ashok Jayaram <i>President</i>	+91 44 6257107	+91 44 6257108
100% owned by Rotork Overseas Ltd	Luis Benedetti <i>General manager</i>	+58 2 2636533	+58 14 250822
100% owned by Rotork Overseas Ltd	Eric Li <i>Manager</i>	+852 2 5202390	+852 2 5289746
100% owned by Rotork Overseas Ltd	Y K Kim <i>General manager</i>	+82 2 565 4803	+82 2 565 4802
	Takeshi Kojima <i>General manager Sanki division</i>	+81 75 314 0083	+81 75 311 4004
100% owned by Rotork p.l.c.	Richard Marshall <i>Acting managing director</i>	(01582) 399499	(01582) 399444
100% owned by Rotork p.l.c.	Pierre Pavy <i>Managing director</i>	(01367) 242660	(01367) 242700
100% owned by Rotork Overseas Ltd	Mark Foerster <i>Secretary</i>	+1 716 232 4440	+1 716 232 1054
100% owned by Rotork p.l.c.	David Smith <i>Director</i>	(01225) 733200	(01225) 733381
25% owned by Rotork p.l.c.	Richard Knowles <i>Director</i>	(01225) 331304	(01225) 312621

NOTICE OF MEETING

Notice is hereby given that the thirty-eighth annual general meeting of Rotork p.l.c. will be held at Rotork House, Brassmill Lane, Bath BA1 3JQ on Thursday 18 May 1995 at 12 noon for the following purposes:

Ordinary business

Resolution 1 To receive and adopt the directors' report and accounts and the auditors' report thereon for the year ended 31 December 1994.

Resolution 2 To declare a final dividend on the ordinary share capital.

Resolutions 3 and 4 To re-elect WH Whiteley and PME Pavy who retire by rotation under the provisions of the Articles of Association and are eligible for re-appointment as directors.

Resolution 5 To re-appoint the auditors.

Resolution 6 To authorise the directors to fix the remuneration of the auditors.

Special business

To consider and, if thought fit, to pass the following resolution, which will be proposed as an ordinary resolution:

Resolution 7

7.1 To authorise the directors generally and unconditionally for the purposes of Section 80 of the Companies Act 1985 to allot relevant securities (as defined in subsection (2) of the said Section) of the company up to an aggregate nominal amount of £1,078,785 during the period from the date upon which this resolution is passed up to and including 18 May 2000 on which date such authority will expire unless previously varied or revoked by the company in general meeting provided that the directors shall be entitled under the authority hereby conferred to make at any time prior to the expiry of such authority any offer or agreement which would or might require such relevant securities as aforesaid to be allotted after the expiry of such authority and the directors may allot relevant securities after the expiry of such authority pursuant to such offer or agreement.

7.2 To revoke any previous authorities to the directors to allot shares in the company provided that such revocation shall not have retrospective effect.

Subject to and conditional upon resolution 7 being passed, to consider and, if thought fit, to pass the following resolution, which will be proposed as a special resolution:

Resolution 8

8.1 To empower the directors for the period from the passing of this resolution until the conclusion of the next annual general meeting of the company to allot equity securities (as defined in Section 94 of the Companies Act 1985) of the company under the authority conferred by resolution 7 above as if subsection (1) of Section 89 of the Companies Act 1985 did not apply to such allotment and the directors shall be entitled to make at any time prior to the expiry of the power hereby conferred any offer or agreement which would or might require equity securities to be allotted after the expiry of such power and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired provided that this power shall be limited:

8.1.1 to the allotment of equity securities in connection with any invitation made to the holders of ordinary shares to subscribe by way of rights where the equity securities attributable to the interests of all the holders of ordinary shares are proportionate (as nearly as maybe) to the respective numbers of ordinary shares held by them but subject to any exceptions exclusions or other arrangements which in the opinion of the directors are necessary or expedient for the purpose of dealing with fractional entitlements otherwise arising or legal or practical problems under the laws of any territory or the requirements of any recognised stock exchange or any regulatory body in any territory; and

8.1.2 to the allotment (otherwise than pursuant to *8.1.1* above) of equity securities up to an aggregate number of 2,185,355 ordinary shares of 5p each being 2.5 per cent of the aggregate number of issued ordinary shares of the company as at 31 March 1995 .

8.2 To revoke all authorities conferred under Section 95 of the Companies Act 1985 or under the corresponding provisions of any former Act prior to this resolution being passed provided that such revocation shall not have retrospective effect.

To consider, and if thought fit, to pass the following resolution, which will be proposed as a special resolution:

Resolution 9

Subject to the consent of the holders of Preference Shares to authorise the company generally and unconditionally to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of ordinary shares of 5p each of the company provided that:

9.1 the maximum number of ordinary shares hereby authorised to be acquired is 7,000,000 (8.01%);

9.2 the minimum price which may be paid for any such share is 5 pence (exclusive of expenses);

9.3 the maximum price (exclusive of expenses) which may be paid for any such 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 ten business days immediately preceding the day on which the share is contracted to be purchased; and

9.4 the authority hereby conferred shall expire fifteen months from the date of this resolution, or if earlier, at the conclusion of the annual general meeting of the company in 1996, but a contract of purchase may be made before such expiry which will or may be executed wholly or partly thereafter, and a purchase of shares may be made in pursuance of any such contract.

A member entitled to attend and vote is entitled to appoint a proxy to attend and, on a poll, to vote at the meeting. A proxy need not also be a member.

By Order of the Board

MJ White

Secretary

20 April 1995

Rotork House

Brassmill Lane

Bath BA1 3JQ

Notes

1. To be effective, forms of proxy must be duly completed and returned so as to reach Lloyds Bank plc, Lloyds Bank Registrars, 54 Pershore Road South, Birmingham B30 3EP not less than 48 hours before the time appointed for holding the meeting, or adjourned meeting, as the case may be.

2. Contracts of service (unless expiring or determinable within one year without payment of compensation) between the company or its subsidiaries and any director together with a statement of transactions of directors (and of their family interests) in the share capital of the company and any of its subsidiaries will be available for inspection at the registered office of the company on any weekday (except Saturdays and public holidays) during normal business hours until 17 May 1995 and for a period of at least fifteen minutes prior to the annual general meeting and during the meeting.