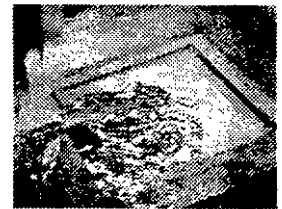


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*Porelle Garment*



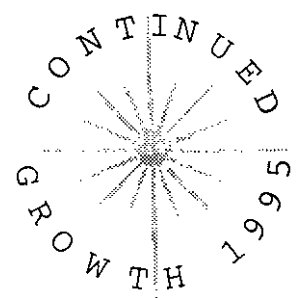
*Aluminium Filtration*



*Sanitaryware*



*Sea Water Barrier*





*Re-useable Hoover filter*



*Permair casual shoe*



*Aquatex Clothing*

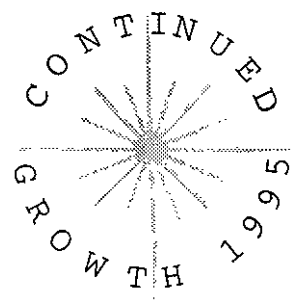


*Selee Ceramic filter under test*

Porvair plc develops, manufactures and markets materials with microporous structures. These materials are used in a wide variety of industrial applications including leather finishes, membranes for foul weather clothing, acoustic insulation, room fresheners, battery vents, filters, ceramics and medical diagnostic devices.

The Company's objective is to grow organically by continued investment in new product development and by acquisition into related growth industries using the strengths of the core business to enhance the profits of an enlarged Group.

The long term financial objective of Porvair plc is to increase the earnings per share for the shareholders and to provide a secure and creative environment for the employees.

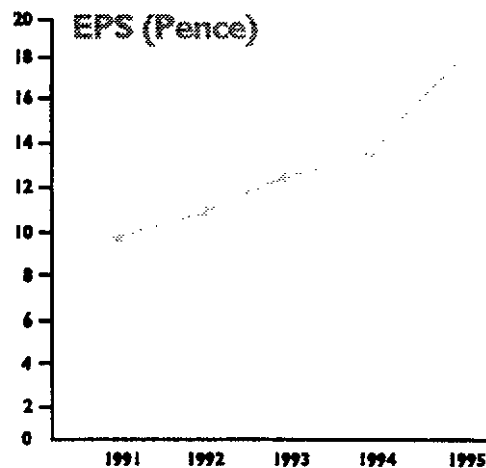
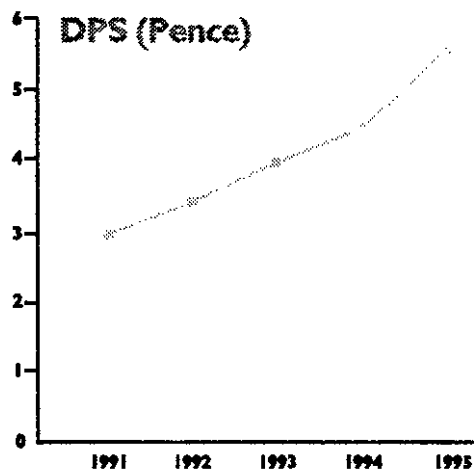
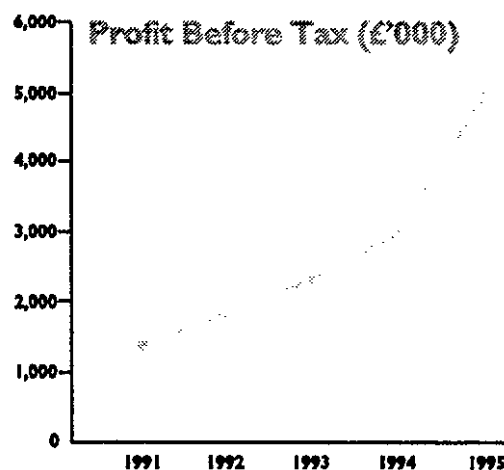
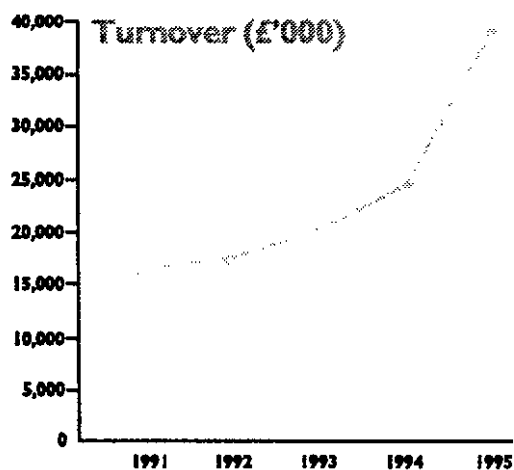


# HIGHLIGHTS

## 1995

- Selee successfully integrated and performance exceeded forecasts
- Strong sales (43%) and profit growth (34%) in Porvair Technology
- 64% increase in sales of Porvair Ceramics with several new customers
- Sales growth of 16% at Porvair International
- Healthy balance sheet : 21% gearing
- Dividend increased by 20%
- Increasing range of products for new markets and applications

## 5 YEAR RECORD



# CHAIRMAN'S STATEMENT

For the sixth consecutive year your Company has achieved record sales, profits and return on shareholders' funds, an outstanding result. I would have been reporting an even better performance had the retail market in Europe and particularly the USA not taken a sudden and unexpected fall in demand in the second half of the year. Even so, the Group achieved results significantly higher than last year. Sales increased by 61% and profit before tax improved by 65%. Both results were helped by the acquisition in July 1995 of Selee Corporation, a US based manufacturer of ceramic filtration products.

The profit before tax increased to £5.1m (1994: £3.1m) on turnover of £39.9m (1994: £24.8m).

The sales growth in 1995 was enhanced by 5 months contribution from Selee (approximately £8.6m), with Porvair Ceramics (64% increase), Porvair Technology (43% increase) and Porvair Filtronics (43% increase) all contributing. Porvair International Limited, responsible for the Permair®, Porelle® and Poromerics products, increased its sales by 16%. Almost 80% of UK production was exported.

The Group's tax charge increased to 31% (1994: 28%) largely as a result of higher taxation rates in the USA.

The earnings per share were 18.0p (1994: adjusted 13.7p) an increase of 31%.

The Directors recommend a final dividend of 3.7p net (1994: adjusted 3.0p) payable on 9th April 1996 to shareholders on the register at the close of business on 19th March 1996, producing a total of 5.4p net (1994: adjusted 4.5p) for the full year, an increase of 20%.

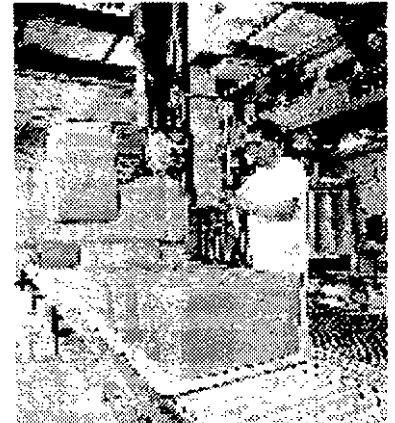
The key event for the Group in the year was the acquisition in July of the Selee Corporation which was financed out of a 1 for 2 Rights Issue. Acquiring Selee significantly increased the size of the Group and broadened the product portfolio and customer base. I am delighted to report that Selee exceeded our forecast for the 5 months of our ownership.

Selee's sales have been strong in all areas and the introduction of increased capacity in filters for the aluminium cast shop market has supported this higher demand, although only in the last month was this increased output produced without manufacturing cost penalties. Filter sales to the iron foundry industry continued to grow and the smaller steel foundry business sector increased 38%.

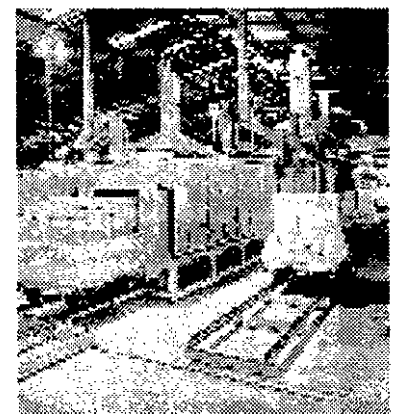
## Porvair International

Porvair International is still the largest part of the Group's business and represents 51% of turnover. Despite the fall off in retail sales, this company increased turnover by 16% due to healthy orders for Poromerics, with Permair® and Porelle® improving by 8% and 14% respectively over last year. Permair® will move forward with the development of new products and markets. The acquisition of Aquatex Functional Fabrics in December 1995 is part of our strategy to form an international distribution network for textiles incorporating Porelle®.

A planned joint venture in the USA will be the next stage. These steps will allow us a greater penetration into the growing market for performance fabrics.



*Ceramics production*



*Selee manufacturing plant.*

# CHAIRMAN'S STATEMENT

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## **Porvair Technology**

Porvair Technology which produces plastic and metal filter media increased turnover by 43%. Aeration systems were successfully installed for several UK water companies and these, together with sales of catalyst recovery and polymer filtration systems in Europe and South Africa, contributed to the growth. Porvair Technology now accounts for approximately 13% of the Group's operating profit.

## **Porvair Ceramics**

Porvair Ceramics markets pressure casting equipment, moulds and technology transfer licences for the sanitaryware and tableware industries. This division had strong sales in the second half, producing a revenue growth for the year of 64% turning a small loss at the half year into a profit 20% higher than 1994. This profit would have been considerably more had it not been for increased expenses taken on to accommodate future growth and additional commissioning costs associated with the large US contract received last year.

## **Porvair Filtronics**

Porvair Filtronics is a small division with sales amounting to less than 2% of Group's turnover. It manufactures filters and components for medical diagnostic devices. It had a very good second half and increased its sales for the year by 43%. As anticipated it produced a small profit for the full year for the first time.

## **Board Changes**

Mr Neil Clarke resigned from the Board on 30 November 1995. Mr Gene Kopf, (55), President of our US subsidiary Selee Corporation, joined the Board of Porvair plc on 18 December 1995. The appointment recognises both the importance of Selee and the contribution Gene will make with his relevant experience to the future development of the Group.

## **Employees**

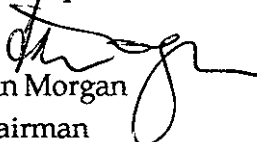
With the acquisitions made in 1995 the Group now employs 615 personnel. I would like to welcome to the Group the employees of Selee Corporation and Aquatex Functional Fabrics and particularly like to comment on how well the Selee and Porvair personnel have blended in with each other. This is due in a large part to the similarities of the business cultures practised by both sets of management.

It has been said that a company is only as good as its employees and if that is the case Porvair's future is in good hands. We have many strengths and the quality of our people is certainly one. The Board would like to thank all employees for helping to make Porvair what it is today and for the achievements in 1995.

## **Outlook**

All of our companies have the ability to grow next year and have planned accordingly. Selee will be expanding its activities into Europe; Porvair International will benefit from the acquisition of Aquatex and its planned strategy for Permair® and Porelle®; while Porvair Technology and Filtronics expect their recent growth record to continue. Porvair Ceramics is now an established company and has a significant presence in the marketplace. It is well set to realise further expansion during 1996.

We continue to invest in the development of new products and to search for further suitable acquisitions that will complement our existing growth potential. The new year has sound prospects for continuing our progress.

  
John Morgan  
Chairman  
31 January 1996

# FINANCIAL REVIEW

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## Operating Results

Our results indicate a strong, growing company with improved performance in all areas of the business. Sales, profits, earnings per share and net assets are all at record levels. There was a pre-tax profit growth of 65%. The acquisition of Selee enhanced earnings and we returned an earnings per share growth of 31%.

## Taxation

The UK effective tax rate of 27% was slightly lower than last year and less than anticipated (1994: 28%). However, the tax rate on our US business of 39% meant a composite rate of 31% (1994: 28%). With a full year's US earnings next year the composite tax rate is expected to increase further.

## Cash Flow

The Group achieved a cash generation of £0.6 million before investing activities of £3.0m and loan repayments of £0.8m. The issue of share capital during the year raised £21.6m and the cash outflow for the acquisition of Selee was £17.2m. There was a net increase in the Group's cash position of £1.2m. Sales were especially high in the last two months of trading this year. This contributed to a higher level of working capital than was anticipated, adversely affecting cash flow at the year end. The Group anticipates a level of capital expenditure for the current year slightly in excess of the 1995 level and it is expected that this will be funded by cash generated from trading activities.

## Gearing

Shareholders' funds now stand at £23.0m with net borrowings at £4.8m. Gearing at the year end was 21.0% (1994: 14.3%).

## Financing

The Group's borrowings are both in sterling and US dollars. At the balance sheet date there was the equivalent of £5.2m in US dollar borrowings, £1.3m of sterling loans, and £1.7m cash in hand. Surplus cash balances are held on short term deposits.

The UK bank loan is repayable in approximately equal instalments over the next five years. The loan is unsecured and interest is fixed at 1% above LIBOR. The ECSC loan is repayable between 2 and 6 years and carries an effective interest rate of 6.1%.

US bank loans of £3.9m are repayable within two to five years. A further loan of £0.2m is repayable within one year. A loan of £2.9m maturing in 1999 is subject to an interest rate swap contract which effectively fixes the rate at 7.5%. The remaining two loans of £1.0m and £0.2m are at 2% and 2.5% above LIBOR respectively. The remaining US borrowings of £1.1m are represented by bank overdraft.

## Foreign Exchange

Whereas the majority of the Group's trading is in sterling the acquisition of Selee has significantly increased trading in US dollars. Transactions in foreign currency are hedged to their full value.

Items of a long term nature such as the net worth of an overseas subsidiary are however not hedged and any unrealised gain or loss is accounted for in the Group's reserves.

## Dividend Cover

The final proposed dividend of 3.7p increases the full year dividend by 20% to 5.4p adjusted (1994: 4.5p adjusted). Dividend cover remains at 3.0 times. The dividend has been adjusted to reflect the July 1995 Rights Issue.

KJ Symonds  
Group Finance Director

# CORPORATE GOVERNANCE

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The Board confirms that it has reviewed the Company's compliance with all of the provisions of the Code of Best Practice issued by the Committee on the Financial Aspects of Corporate Governance and is satisfied that the Group complies with the Code.

## **Board Structure**

The Board comprises three Non-Executive Directors and four Executive Directors. By invitation, the Managing Directors of other subsidiaries attend Board Meetings as required. The Board normally meets six times a year although additional meetings are arranged as required.

## **Going Concern**

The Group's accounts have been prepared on the basis that the Group is a going concern. The Directors are satisfied that the Group is in a sound financial position. In forming this view the Directors have reviewed the Group's budgets for the current year and outline plans for the following two years including capital expenditure plans and cash flow forecasts.

## **Audit Committee**

The Audit Committee is chaired by Mr W Wallis and its membership is shown on page 43. It meets at least twice a year and its agenda includes all matters pertaining to the performance of the Group and the internal financial controls reported upon by auditors or deemed to be of importance by any member. The Committee also recommends the appointment, scope and fees of the external auditors.

## **Remuneration Committee**

The Remuneration Committee is chaired by Mr E Bostwick and its membership is listed on page 43. The prime responsibilities of the Committee are to determine the remuneration of the Executive Directors and certain other Senior Executives.

Remuneration levels are set by reference to individual performance, experience and market conditions with a view to producing a package which is appropriate for the responsibilities involved. The Chairman of the Board sits on the Committee when considering all Executive Directors' and Senior Executives' remuneration excepting his own.

The Chairman and Executive Directors of the Board determine the remuneration of Non-Executive Directors with advice as appropriate from external sources.

Full details of Directors' remuneration is given in Note 21 to the financial statements on page 35. Details of Directors' share options are included in the directors report on page 16.

## **Internal Financial Control**

The Directors are responsible for ensuring that the Company maintains a system of internal financial controls, including suitable monitoring procedures. The system is designed to ensure the maintenance of proper accounting records and the reliability of the financial information used within the business or for publication, but any such system can only provide reasonable, and not absolute, assurance against misstatement or loss.

The Company's internal financial control and monitoring procedures include show :

- a) The organisation of each subsidiary within the Group as a separate business with clear lines of accountability and its responsibility to that Board of Directors. The internal controls of each company reflect group procedures and are monitored regularly by the Chairman and Finance Director of the Group.

- b) the control of key financial risks through clearly laid down authorisation levels and proper segmentation of accounting duties.
- c) detailed monthly forecasting, budgets and reporting of actual performance against those budgets and forecasts. These include trading results, balance sheets and cash flows, with regular review by management of variances from these forecasts and budgets.

The Audit Committee and the full Board of Directors have reviewed the effectiveness of the Group's system of internal financial controls.

**Price Waterhouse**



## **Report by the Auditors to the Directors of Porvair plc on Corporate Governance matters**

In addition to our audit of the financial statement we have reviewed your statement on page 9 concerning the Group's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange. The objective of our review is to draw attention to non-compliance with those paragraphs of the Code, if not otherwise disclosed.

### **Basis of Opinion**

We carried out our review having regard to the Bulletin 1995/1 "Disclosures relating to corporate governance" issued by the Auditing Practices Board. That Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Group's system of internal financial control or corporate governance procedures nor on the ability of the Group to continue in operational existence.

### **Opinion**

In our opinion, your statements on internal financial controls on pages 9 & 10 and on going concern on page 9 have provided the disclosures required by paragraphs 4.5 and 4.6 of the Code (as supplemented by the related guidance for directors) and are consistent with the information which came to our attention as a result of our audit work on the financial statements.

In our opinion, based on enquiry of certain directors and officers of the company and examination of relevant documents, your statement on page 9 appropriately reflects the Group's compliance with the other paragraphs of the Code specified for our review.

*Price Waterhouse*

Price Waterhouse,

Chartered Accountants

Victoria House

76 Milton Street

Nottingham

31 January 1996



# OPERATING REVIEW

The Group's main activity is the development, manufacture and marketing of materials with microporous structures.

Manufacture and marketing of these materials, which are used in a wide range of industrial applications, are carried out by five subsidiary companies. The largest single application for the Group's products is filtration, used in several industries.

In the year under review, approximately 34% of the Group's activities were associated with filtration. The main companies within the Porvair Group and their principal activities are:

## **Porvair International**

### *King's Lynn*

- Footwear and Leather (including Permair and Poromerics)
- Textiles (including Porelle, Aquatex and glove inserts)
- Wound dressings (including Kyroderm)
- Printing Blankets



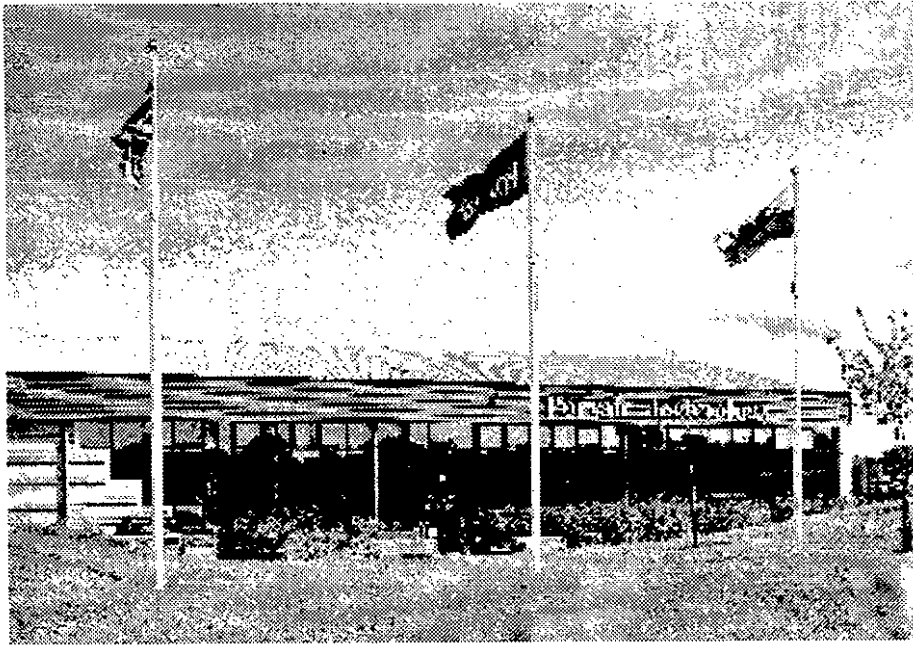
## **Selee Corporation**

### *Hendersonville, NC, USA*

- Ceramic filtration media for use in aluminium cast shops, iron and steel foundries
- Kiln furniture for high temperature ovens
- Exhaust emission control carriers



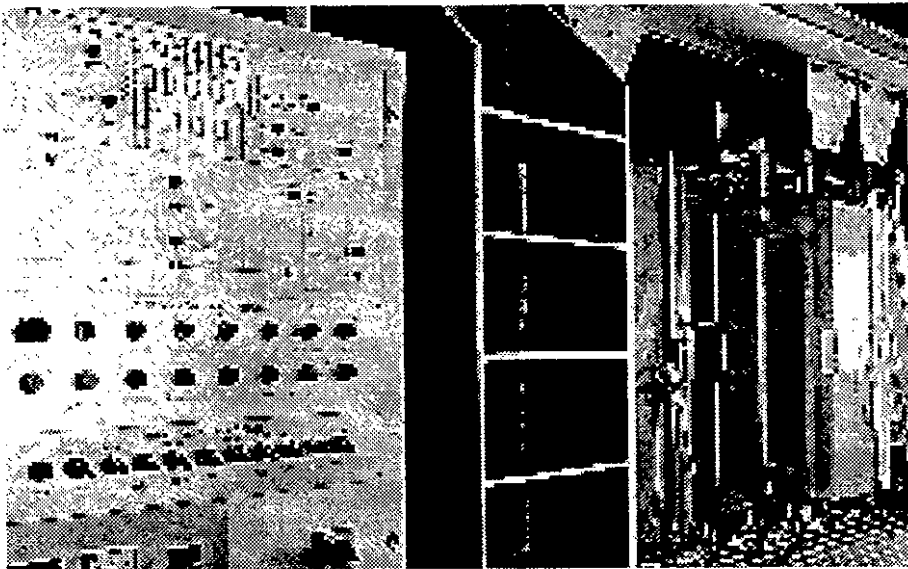
# OPERATING REVIEW



## **Porvair Technology**

*Wrexham*

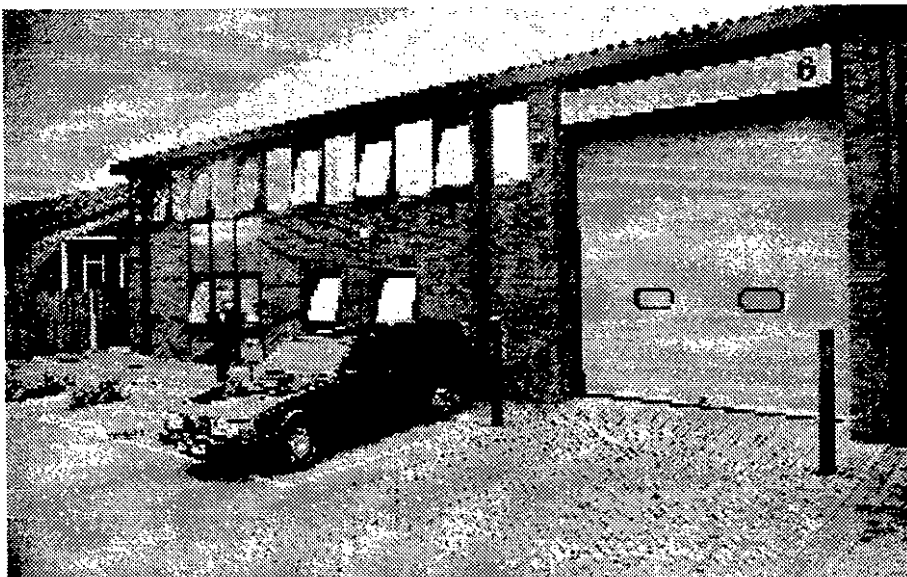
- Filters and filtration membranes
- Water and sewage treatment systems
- Powder handling fabrications
- Room fresheners
- Vacuum cleaner dust filters



## **Porvair Ceramics**

*King's Lynn*

- Pressure casting machines and moulds for sanitary and tableware
- Ram press moulds for tableware



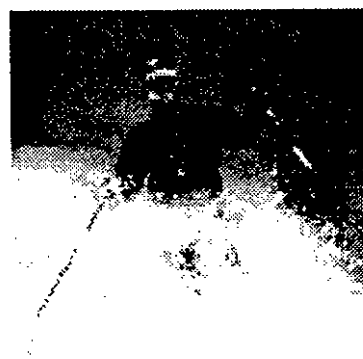
## **Porvair Filtronics**

*Shepperton*

- Components for medical diagnostic devices
- Single use laboratory components



*Permair Leather*



*Porelle Fabrics*

## **Porvair International**

This Company remains the largest in the Group and accounted for 51% (1994: 70%) of Group sales and 53% (1994: 75%) of Group operating profit.

The Footwear and Leather Division produces Poromerics (synthetic leather) and Permair® (film for laminating to and upgrading all types of hides and skins) and this year accounted for 39% (1994: 56% and 1993: 69%) of Group sales.

Sales of Permair in the first half held promise of healthy growth for the full year. In the four months following the half year, however, orders for Permair significantly reduced and our principal licensee who is located in the USA stopped all orders for three months. The reason given by our customers both in Europe and America was the weakness in the retail sector. Major retailers had simply stopped ordering. In the last two months of the year order input resumed at normal or higher levels. The downturn in sales during the early part of the second half overshadowed considerable progress in other sectors of Permair sales. Permair increased sales by 8% compared to last year.

New markets such as Southern Africa, India and Korea have grown significantly in the year. Much work has been done in the Chinese market to sell Permair and many adoptions of the product in shoe ranges have been achieved. The rate of progress would have been faster had it not been for the slowdown in the European and US retail markets supplied by Chinese shoe manufacturers.

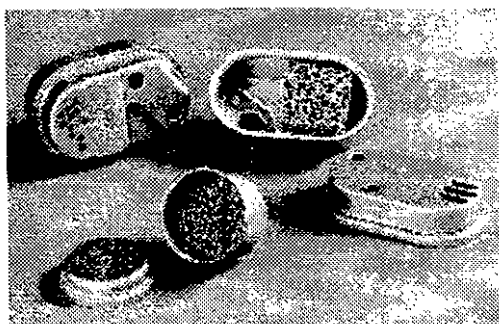
Porelle sales increased by 14% compared to last year, despite delays in receiving quality product from the Far Eastern laminator with whom we have worked. It is not our intention to continue to rely on this laminator for the future. To realise Porelle's further potential we have concluded that Porvair should be more directly involved in the manufacture and marketing of the laminated textile to the customer. As reported, Aquatex Functional Fabrics Limited was purchased from Headlam plc in December and this will be quickly followed by a joint venture in the USA to form a major textile distribution company.

Coupled with this, our Hong Kong office has been strengthened by the addition of a textile expert, knowledgeable in the waterproof breathable market in the Far East. Alternative sources of lamination services have been identified both in Europe and the Far East. These initiatives will, we believe, improve our competitive position and allow us to take fuller advantage of the opportunities for Porelle in world markets.

Glove insert sales were affected by the weather, with many gloves from the previous season remaining in the shops unsold. Sales in the year reduced year on year by 8% and, although as reported last year we have a competitive range to offer, sales for this product will only pick up once the retail market improves.

Kyroderm, our wound dressing material, although only small in sales value, almost doubled compared to the previous year, due to ongoing customer acceptance of our product.

Sales of Printing Blankets for dry offset have increased by 58% and benefited from the appointment of a wider range of distributors. Our development of the new offset litho blanket continues and production trials although in the main successful have yielded some further areas that require attention. There is however optimism of a resolution in 1996.



*Engine filtration parts*

## **Selee Corporation**

Selee manufactures ceramic filters and associated equipment for use in metal purification, environmental applications and chemical and thermal processing. The company was acquired by the Group in July 1995. Selee enjoyed record sales in both its core business of metal filtration and its newer businesses. Profit before taxation was 49% above the previous year. Overall sales growth for the 12 month period was 25% despite some capacity limitations during the first half of the year. An expansion

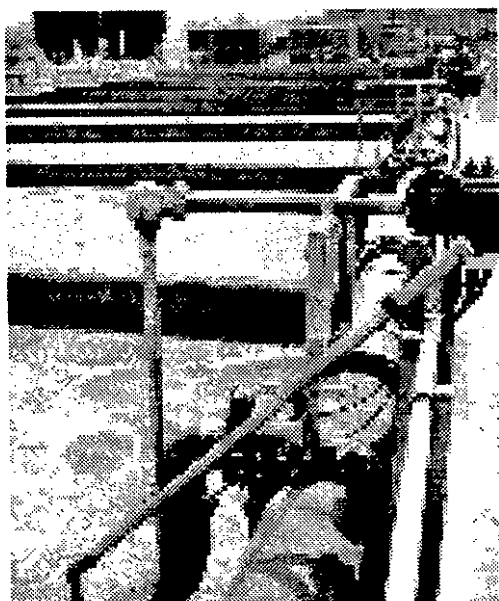
completed in mid-summer 1995, while providing the needed capability for new growth, also hampered profitability and revenue during a difficult start-up period.

A patented dual stage filtration system for aluminium casting was introduced in the autumn and is receiving an excellent response since it provides improved yields for customers. The fastest growth within the core business in 1995 was in the steel foundry market which although still a comparatively small part of Selee's total business, increased by 38% with the potential for further growth. Foundry sales overall grew by 18%. Entry into Europe was also initiated last year which contributed to sales growth. Previously Selee was excluded from selling into this geographic area. The exciting potential in the pollution abatement area continues to be realised with new applications in the treatment of volatile organic compounds and thermal processes. Expansion of the core business, especially in Europe, combined with attractive new products in non-metal filtration show much promise for further growth in the coming year.

## **Porvair Technology**

This company manufactures porous metal and plastic materials which are used in a wide variety of industrial applications, the principal one being filtration.

Sales increased by 43% and the company contributed 17% of the revenues and 13% of the operating profits for the enlarged Group. Although the margins were affected by higher raw material prices, profits grew



*Water sewage filtration*

year on year by 34%. There does however remain scope to improve gross margins and initiatives are in place to ensure they are increased. Capital expenditure for increased automation particularly in the plastics area should contribute to that improvement in 1996.

Forced aeration systems for the biological treatment of sewage sludge were successfully installed at several UK water companies and will provide reference points for future business. A large filtration system sale for use in a catalyst recovery application was made in the early part of the year and there are expectations of further orders in this sector of the chemical process industry. Opportunities identified in gas detection and polymer, dust and water filtration give us comfort for the continued growth of Porvair Technology.

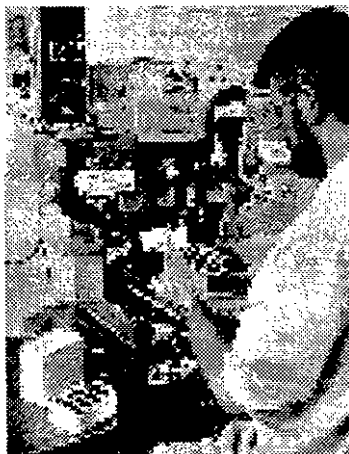


*Sanitaryware*

## **Porvair Ceramics**

Porvair Ceramics markets pressure casting equipment and manufactures moulds for the sanitaryware and tableware industries. It will also sell some technology licences if appropriate. Sales increased by a healthy 64% over the previous year and covered a broader customer base. Profits increased by 20% to £264,000 (1994: £221,000) but would have been considerably higher had it not been for significant additional expenditure associated with the commissioning of the £2m contract supplied the previous year to the USA and extra costs taken on during the year in sales and technical support.

The hard earned knowledge gained as a result will prevent a repetition of problems experienced in introducing a new technology to a well established traditional industry. Porvair's attendance at the industry's principal exhibition was very well received, resulting in many enquiries for 1996. The interest in our pressure casting system and mould technology fulfils our expectations and we look forward to the coming year with optimism. The moulds sold for use in ram pressing for the tableware industry increased by 45% compared to the previous 12 months. Developments of new mould materials for other processes in the tableware industry look promising.



*Diagnostic components*

## **Porvair Filtronics**

This company specialises in the manufacture and marketing of filters and components for medical diagnostic devices and single use laboratory components. The company remains small but nevertheless increased turnover by 43% and achieved a small operating profit for the first time. It has reached agreement with a major pharmaceutical company to manufacture and market a patented device for analytical laboratory purposes. A single use DNA device was also launched in the final quarter achieving immediate sales with further prospects for 1996.

We will continue to grow this company and we believe the immediate prospects are encouraging, although we would like to combine it with a larger operation and will continue to seek acquisition opportunities to complement its activities.

J M Morgan  
Chairman

A R Collinson  
Director

R E Kopf  
Director

# DIRECTORS' REPORT

The Directors present their report and the audited accounts of the Group for the year ended 30 November 1995.

## Principal Activities

The Group's major activity during the year was the manufacture and marketing of microporous materials.

## Review of Business

The Group's trading results and a review of the future developments are given in the Chairman's Statement and the Operating and Financial Review.

## Profits and Dividends

The Group's profit after taxation and minority interests for the financial year is £3,542,000 (1994: £2,243,000). An interim dividend of 1.8p per Ordinary share was paid on 26 September 1995, and the Directors now recommend the payment of a final dividend of 3.7p per Ordinary share payable on 9 April 1996 to shareholders on the register at the close of business on 19 March 1996. The total dividend will amount to £1,191,000 (1994: £742,000) and the remaining profit of £2,351,000 (1994: £1,501,000) will be added to reserves.

The ex dividend date is 11 March 1996.

## Directors and their interests

Details of the current Directors are given on page 44. Details of the beneficial interest of Directors in the shares of the Company at the end of the year are given below according to the register maintained by the Company under Section 325 of the Companies Act 1985.

	30 November 1995		30 November 1994	
	Ordinary shares	Share options	Ordinary shares	Share options
J M Morgan	791,417	-	745,625	-
E Bostwick	12,018	-	8,012	-
J N Clarke	-	-	-	-
A R Collinson	19,820	42,360	24,275	40,000
P W Greenwood	1,875	-	1,250	-
K J Symonds	30,474	31,770	18,301	40,354
W O F Wallis	9,375	-	6,250	-

There were no changes in any of the above shareholdings to the date of this report.

Details of the share options granted under the Porvair Share Option Scheme are as follows:

Director	at 1.12.94	Number of Options Exercised	at 30.11.95	Exercise Price	Date from which Exercisable	Expiry Date
A R Collinson	15,885	-	15,885	127.48p	23.10.95	23.10.02
A R Collinson	26,475	-	26,475	236.08p	07.10.96	07.10.03
K J Symonds	15,885	-	15,885	127.48p	23.10.95	23.10.02
K J Symonds	15,885	-	15,885	236.08p	07.10.96	07.10.03
K J Symonds	5,177	5,177	-	89.81p	29.09.92	29.09.99
K J Symonds	5,177	5,177	-	84.98p	08.03.94	08.03.01

# DIRECTORS' REPORT

- No options were granted during the period.
- Opening balances have been adjusted in accordance with July 1995 rights issue.
- No Directors options lapsed in the year.
- The market price of the shares at 30.11.95 was 370p and 300p at the date of exercise by Mr Symonds.
- The range of the market price during the year was 273p to 425p.

None of the Directors had a material interest in any contract of significance in relation to the company or its subsidiaries during the year.

In accordance with the articles of Association, Mr P W Greenwood and Mr K J Symonds retire by rotation and being eligible offer themselves for re-election. Mr R E Kopf was appointed to the Board on 18 December 1995 and offers himself for re-election at the next following Annual General Meeting. Mr Symonds has a service contract which is determinable by the company or Mr Symonds giving twelve months notice. Mr Kopf's service contract is for a period of three years from 7 July 1995.

During the year the Group maintained insurance providing liability cover for its Directors.

## Research and Development

The Group has a continuing research and development programme with the object of increasing profitability and evaluating new business opportunities. The cost to the Group in the year under review was £1,334,000 (1994 : £1,022,000). The expenditure is of a development nature and is largely undertaken in-house, rather than by third parties. Development expenditure is incurred by all Group companies. The King's Lynn operations incurred the largest expenditure in 1995, Selee in the USA accounted for £268,000 development expenditure since joining the Group on 7 July 1995.

Over the last five years, £4.6 million has been spent on research and development and usually represents approximately 4% of Group turnover. It is estimated that approximately 34% of 1995 sales (1994: 28%) are attributable to new products introduced in the last five years.

## Fixed Assets

In the opinion of the Directors the present value of the Group's land and buildings is approximately £1.5 million in excess of the book value.

Capital expenditure on plant, equipment and motor vehicles in the year was £3,018,000 (1994: £2,328,000). The principal items of expenditure were the expansion of manufacturing facilities at Porvair International and Selee and additional tooling requirements at Porvair Technology.

## Substantial Shareholders

In addition to the shareholdings of Directors and their families set out above, the Company has been notified of the following substantial shareholdings as at 31 January 1996.

	Ordinary shares	Percentage
T R Smaller Companies Trust plc	1,500,000	6.1
BAT Industries plc	1,478,139	6.0
Laminvest NV	997,683	4.1
Foreign & Colonial Enterprise Trust plc	925,000	3.8
B.S. Pension Fund Trustee Limited	793,000	3.2
Sun Alliance Group plc	778,125	3.1
Morgan Grenfell UK Smaller Company Exempt Fund	750,000	3.0



# DIRECTORS' REPORT

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## **Employee Policies**

### **Communication**

The Group maintains and develops the involvement of employees through both formal and informal systems of communication and consultation. Managers have a responsibility to communicate effectively and to promote a better understanding by employees of the activities and performance of the Group. Employee consultative committees regularly meet to ensure that management obtain the representative views of employees concerning any decisions which affect them. Information relating to trading, company strategy and any other matters of significance are communicated to all employees through daily and monthly meetings and twice a year through formal presentations.

### **Equal Opportunities**

It is the Group's policy to recruit, train, promote and treat all our personnel on grounds solely based on individual ability and performance. These principles are applied regardless of sex, race, colour, religion, age or nationality.

### **Health, Safety and Environment**

The Group recognises its clear responsibilities for the health and safety of its employees and to the communities in which the Group operates. A health and safety committee comprising representatives from management and employees regularly reviews and inspects the conditions in which our employees work. The Group consistently considers methods of improving safety and fulfilling our environmental responsibilities. The Group is pleased to have received the British Safety Council's safety award for the last 25 consecutive years.

### **Group Pension Scheme**

The Group has a defined benefit pension scheme covering the majority of employees. See Note 19 for further information.

### **Charitable and Political Contributions**

The Group made charitable donations of £3,000 during the year in the UK. (1994 : £3,000). No political donations were made.

### **Disabled Persons**

Applications for employment by disabled persons are always fully considered bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, so far as possible, be identical to that of a person who is fortunate enough not to suffer from a disability.

### **Close Company Provisions**

The Company is not so far as is known a close company within the provisions of the Income and Corporation Taxes Act 1988.

### **Special business at the Annual General Meeting**

At the Annual General Meeting to be held on 3 April 1996, in addition to the ordinary business, two resolutions will be proposed. Resolutions 7 and 8 renew the Directors' authorities to allot securities up to specified limits.



# DIRECTORS' REPORT

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The authority sought under Section 80 of the Companies Act 1985, would permit the allotment of relevant securities to a maximum nominal value of £172,968. This represents one third of the issued share capital of the Company as at 31 January 1996, together with the 444,747 Ordinary shares reserved for issue in respect of outstanding options under the Porvair Share Option Scheme 1986. Under the agreement for the acquisition of Selee Holding Company a maximum of a further 1,197,220 ordinary shares may fall to be issued as deferred consideration, of which 598,610 will be allotted in 1996 as a result of the achievement by Selee of the agreed profit target. Authority under section 80 for the issue of these shares was given by shareholders on 6 July 1995.

## **Notification of Intention to pass a Directors' Resolution relating to the Crest System**

As you may be aware, CREST, the system whereby shares may be traded electronically without the need for share transfer instruments and share certificates, is due to be operational from July 1996 and it is your Directors' view that the Company should be in a position for its shares to be traded through the CREST system. This should result in share settlement becoming quicker and more secure. However, CREST is not compulsory and accordingly if the Company's ordinary shares are admitted to CREST it will still be open for any shareholder who so wishes to retain his or her share certificate. In that case, as far as such shareholders are concerned, the formalities for transfers by them will be similar to those at present.

In order for the Company to make its shares eligible for settlement in CREST it must pass a resolution of its Directors and notify shareholders that it intends to pass or has passed such a resolution in accordance with the Uncertificated Securities Regulations 1995 ("the Regulations"). Accordingly, this is to give you notice that the Company intends to pass a resolution of its Directors that title to the ordinary shares of 2p each in the capital of the Company, in issue or to be issued, may be transferred by means of a relevant system. CREST will be a relevant system for these purposes.

The Directors' resolution, once passed, will enable the Company's ordinary shares to join CREST in due course. However, shareholders should note that the shares will not become transferable by means of the CREST system merely by virtue of the passing of the Directors' resolution (nor will they do so by virtue of the Directors' resolution becoming effective); the permission of the Operator of the system, CREST Co Limited, will also be required before the shares can become so transferable. It is currently anticipated that the permission of CREST Co Limited will be obtained in relation to Porvair's ordinary shares in the last quarter of 1996.

The effect of the Directors' resolution is to disapply, in relation to the ordinary shares, those provisions of the Company's articles of association that are inconsistent with the holding and transfer of those shares in CREST and the Regulations, as and when the shares enter the CREST system.

Shareholders should also note that, under the Regulations, they will have the right by ordinary resolution:-

- (a) until the Directors' resolution referred to above is passed, to resolve that the Directors of the Company shall not pass a Directors' resolution;
- (b) if the Directors' resolution referred to above has been passed but not yet come into effect in accordance with its terms, to resolve that it shall not come into effect; and
- (c) once the Directors' resolution referred to above has been passed and is effective in accordance with its terms and the permission of the operator of the system, CREST Co Limited, has been given to the shares concerned becoming transferable by means of the CREST system, to resolve that the Directors of the Company shall take the necessary steps to ensure that title to the shares concerned shall cease to be transferable by means of the CREST system and that the Directors' resolution shall cease to have effect.

# DIRECTORS' REPORT

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## 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 of the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:-

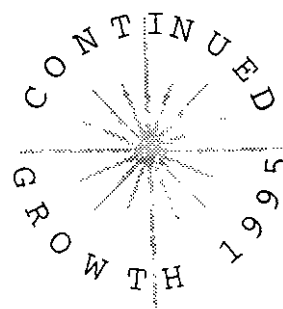
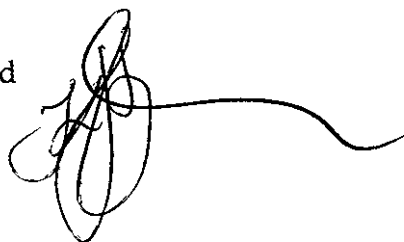
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 of the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Auditors

The auditors, Price Waterhouse, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the Board  
K.J. Symonds,  
Secretary  
31 January 1996



*Price Waterhouse*



## **Auditors' Report to the Shareholders of Porvair plc**

We have audited the financial statements on pages 22 to 39 which have been prepared under the historical cost convention and the accounting policies set out on page 26.

### **Respective responsibilities of Directors and auditors**

As described on page 20, 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 Company'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 on pages 22 to 39 give a true and fair view of the state of affairs of the Company and the Group as at 30 November 1995 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

Price Waterhouse,

Chartered Accountants and Registered Auditors

Victoria House

76 Milton Street

Nottingham

31 January 1996

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 NOVEMBER 1995

	Note	Existing 1995 £'000	Acquisitions 1995 £'000	Group 1995 £'000	Group 1994 £'000
<b>TURNOVER - Continuing Operations</b>	2	31,365	8,559	39,924	24,832
Cost of sales		(21,009)	(5,962)	(26,971)	(16,371)
<b>GROSS PROFIT</b>		10,356	2,597	12,953	8,461
Distribution costs		(1,135)	(189)	(1,324)	(897)
Administrative expenses		(5,549)	(897)	(6,446)	(4,318)
Other operating income		70	283	353	65
<b>OPERATING PROFIT - Continuing Operations</b>		3,742	1,794	5,536	3,311
Other interest receivable and similar income				38	-
Interest payable and similar charges				(454)	(206)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3			5,120	3,105
Tax on profit on ordinary activities	4			(1,568)	(870)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>				3,552	2,235
Minority interests				(10)	8
<b>PROFIT FOR THE FINANCIAL YEAR</b>				3,542	2,243
Dividends	5			(1,191)	(742)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	15			2,351	1,501
<b>EARNINGS PER SHARE</b>	22			18.0p	13.7p

# RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

FOR THE YEAR ENDED 30 NOVEMBER 1995

	Group		Company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
<b>PROFIT FOR THE FINANCIAL YEAR</b>	3,542	2,243	2,326	2,102
Dividends	(1,191)	(742)	(1,191)	(742)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	2,351	1,501	1,135	1,360
New share capital subscribed	26,411	22	26,411	22
Issue costs written off	(535)	-	(535)	-
Shares to be issued	3,868	-	3,868	-
Goodwill written off	(23,301)	-	-	-
Exchange difference	117	-	-	-
<b>NET ADDITION TO SHAREHOLDERS' FUNDS</b>	8,911	1,523	30,879	1,382
Opening shareholders' funds	14,048	12,525	14,799	13,417
<b>CLOSING SHAREHOLDERS' FUNDS</b>	22,959	14,048	45,678	14,799

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Group		Company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	3,542	2,243	2,326	2,102
Exchange difference on retranslation of net assets of subsidiary undertaking	117	-	-	-
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE PERIOD</b>	3,659	2,243	2,326	2,102

For details of the Company refer to Notes 1 and 25.

# BALANCE SHEETS

AS AT 30TH NOVEMBER 1995

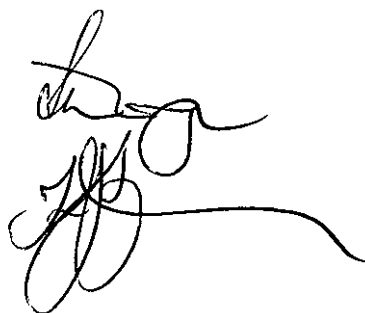
		Group		Company	
	Notes	1995 £'000	1994 £'000	1995 £'000	1994 £'000
<b>FIXED ASSETS</b>					
Tangible assets	7	16,185	10,190	10,339	9,781
Investments	24	4	4	26,417	996
		<u>16,189</u>	<u>10,194</u>	<u>36,756</u>	<u>10,777</u>
<b>CURRENT ASSETS</b>					
Stocks	8	8,882	5,492	6,820	5,219
Debtors	9	15,156	8,138	8,772	6,960
Cash at bank and in hand		1,671	1	3,326	58
		<u>25,709</u>	<u>13,631</u>	<u>18,918</u>	<u>12,237</u>
<b>CREDITORS : amounts falling due within one year</b>	10	(15,048)	(8,528)	(8,896)	(6,965)
<b>NET CURRENT ASSETS</b>		<u>10,661</u>	<u>5,103</u>	<u>10,022</u>	<u>5,272</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>26,850</u>	<u>15,297</u>	<u>46,778</u>	<u>16,049</u>
<b>CREDITORS : amounts falling due after more than one year</b>	11	(3,903)	(1,250)	(1,100)	(1,250)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	13	-	(60)	-	-
		<u>22,947</u>	<u>13,987</u>	<u>45,678</u>	<u>14,799</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14	492	309	492	309
Share premium account	15	31,559	5,866	31,559	5,866
Shares to be issued	15	3,868	-	3,868	-
Other reserves	16	(25,463)	(2,279)	951	951
Profit and loss account	15	12,503	10,152	8,808	7,673
		<u>22,959</u>	<u>14,048</u>	<u>45,678</u>	<u>14,799</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>22,959</u>	<u>14,048</u>	<u>45,678</u>	<u>14,799</u>
Minority interests		(12)	(61)	-	-
		<u>22,947</u>	<u>13,987</u>	<u>45,678</u>	<u>14,799</u>

Approved by the Board on 31 January 1996

J.M. Morgan

K.J. Symonds

} Directors



# CONSOLIDATED CASH FLOW STATEMENT

AS AT 30TH NOVEMBER 1995

	Notes	Group		Group	
		1995	1994	1995	1994
		£'000	£'000	£'000	£'000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	26		3,094		3,672
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>					
Interest paid less received		(445)		(191)	
Dividends paid		<u>(775)</u>		<u>(679)</u>	
			(1,220)		(870)
<b>CORPORATION TAX PAID</b>			(1,290)		(637)
<b>INVESTING ACTIVITIES</b>					
Purchase of tangible fixed assets		(3,018)		(2,328)	
Acquisition of subsidiary / associated companies	31	(17,216)		(4)	
Sale of fixed assets		<u>-</u>		<u>6</u>	
			(20,234)		(2,326)
<b>NET CASH OUTFLOW BEFORE FINANCING</b>			(19,650)		(161)
<b>FINANCING</b>					
Issue of ordinary share capital	29	21,659		22	
Repayment of loans		<u>(815)</u>		<u>(230)</u>	
			20,844		(208)
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	27		<u>1,194</u>		<u>(369)</u>

CONTINUED  
GROWTH 1995

# NOTES TO THE ACCOUNTS

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## **1. ACCOUNTING POLICIES**

### **Convention**

The financial information has been prepared under the historical cost convention and complies with all applicable accounting standards.

### **Basis of consolidation**

The Group's consolidated accounts comprise the accounts of the Company and all its subsidiaries at 30 November 1995. The results of subsidiaries are accounted for in the profit and loss account as from the effective date of acquisition. Where businesses are acquired, any difference between the cost of acquisition and the fair value of the underlying net assets is written-off in the year of acquisition. The accounts of the company include the activities of Porvair International Limited and Porvair Technology Limited together with the appropriate apportionment of central office cost. These two companies are dormant and act as agents for Porvair plc.

### **Fixed assets and depreciation**

Fixed assets, including items leased under finance leases, are capitalised at cost. Freehold land and assets under construction are not depreciated. Other fixed assets are depreciated by equal annual amounts over their estimated useful lives.

Annual depreciation rates are :

- 2.5% for freehold buildings
- 10% to 33.33% for plant, machinery and equipment
- 25% for motor vehicles

Rentals under operating leases are charged to the profit and loss account as incurred.

### **Government grants**

Grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful life of the assets. Revenue grants are credited to the profit and loss account in the period in which the related expenditure is incurred.

### **Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes direct materials, labour and an appropriate proportion of manufacturing overhead.

### **Patents and trade marks**

All expenditure on the registration, renewal and maintenance of patents and trade marks is written off as incurred.

### **Research and development**

Technical research and development expenditure is written off as incurred.

### **Foreign currencies**

Foreign currency assets and liabilities are expressed in sterling at exchange rates ruling at the year end. Transactions in the normal course of business are expressed at the rates ruling at the date of transaction.

### **Deferred taxation**

The Group only provides for deferred taxation where in the opinion of the Directors there is a reasonable probability that a liability for taxation will crystallise in the foreseeable future.

### **Pensions**

Pension costs for the Group's defined benefit pension scheme are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the scheme.

### **Turnover**

Turnover represents amounts invoiced to external customers in the ordinary course of business.

### **Investments**

Investments held as fixed assets are stated at cost less provision for permanent diminution of value.



# NOTES TO THE ACCOUNTS

## 2. SEGMENT INFORMATION

	Group 1995 £'000	Group 1994 £'000
A geographical analysis of the Group's turnover is as follows :		
United Kingdom	6,590	5,293
Continental Europe	7,051	5,196
Americas	15,465	9,339
Asia	7,206	4,112
Australasia	572	267
Africa	3,040	625
	<u>39,924</u>	<u>24,832</u>

All sales of Porvair International, Porvair Technology and Porvair Ceramics were generated by UK activities and Selee sales originate from the United States.

The analysis of the Group results and net assets by activity is as follows :

	Porvair International & others £'000	Selee £'000	Porvair Technology £'000	Porvair Ceramics £'000	Total £'000
<b>YEAR TO 30 NOVEMBER 1995</b>					
Turnover	20,921	8,559	6,813	3,631	39,924
Operating Profit	3,377	1,794	873	279	6,323
Central Costs	(444)	(173)	(155)	(15)	(787)
Profit before Interest & Tax	2,933	1,621	718	264	5,536
Net Assets	14,216	8,604	3,312	1,636	27,768
Borrowings					(4,821)
					<u>22,947</u>

### YEAR TO 30 NOVEMBER 1994

Turnover	17,861	-	4,755	2,216	24,832
Operating Profit	2,933	-	669	234	3,836
Central Costs	(380)	-	(132)	(13)	(525)
Profit before Interest & Tax	2,553	-	537	221	3,311
Net Assets	12,641	-	2,867	494	16,002
Borrowings					(2,015)
					<u>13,987</u>

# NOTES TO THE ACCOUNTS

Group 1995 £'000	Group 1994 £'000
------------------------	------------------------

## **3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Profit on ordinary activities before taxation is stated after charging/(crediting) :

### **STAFF COSTS :**

Wages and salaries	9,370	6,059
Social security costs	778	518
Other pension costs (Note 19)	662	528
	<u>10,810</u>	<u>7,105</u>

### **OPERATING LEASE COSTS :**

Land and building	135	112
Plant, machinery and vehicles	319	231
	<u>454</u>	<u>343</u>

### **DEPRECIATION :**

Owned assets	1,820	1,397
Leased assets	31	31
	<u>1,851</u>	<u>1,428</u>

### **INTEREST PAYABLE ON BANK AND OTHER BORROWINGS :**

Repayable within five years	422	112
Repayable after five years	32	94
	<u>454</u>	<u>206</u>

### **INTEREST RECEIVABLE**

(38)	-
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### **INCOME FROM GOVERNMENT GRANTS**

(81)	(51)
------	------

Fees paid to auditors amounted to £57,000 (1994: £38,000) in respect of audit work, and £157,000 (1994: £23,000) in respect of non-audit work.

## **4. TAX ON PROFIT ON ORDINARY ACTIVITIES**

### **TAXATION ON THE PROFIT FOR THE YEAR :**

U.K. corporation tax at 33% (1994 : 33%)	1,071	990
Over provision in prior years	(150)	(120)
Overseas tax payable	647	-
	<u>1,568</u>	<u>870</u>

No deferred taxation has been provided as there is no foreseeable liability at 30 November 1995 (30 November 1994: £ nil). Had full provision for deferred tax been made at current rates of taxation the potential liability to tax would be as follows :-

Accelerated capital allowances	1,868	1,527
Short term timing differences	(64)	(44)
	<u>1,804</u>	<u>1,483</u>

## **5. DIVIDENDS**

### **DIVIDENDS ON EQUITY SHARES :**

Interim dividend paid	280	247
Final dividend proposed	911	495
	<u>1,191</u>	<u>742</u>

# NOTES TO THE ACCOUNTS

## 6. COMPANY PROFIT FOR THE FINANCIAL YEAR

As permitted by Section 230 of the Companies Act 1985, no profit and loss account is presented for the Holding Company. The profit attributable to the Company which has been dealt with in the accounts is £1,135,000 (1994: £1,360,000)

## 7. TANGIBLE FIXED ASSETS

Group	Freehold Land and Buildings £'000	Plant, Machinery & Equipment £'000	Assets in course of Construction £'000	Motor Vehicles £'000	Total £'000
<b>COST</b>					
At 30 November 1994	972	14,339	1,572	13	16,896
Reclassification	-	2,635	(2,651)	16	-
Additions	86	79	2,853	-	3,018
Acquisitions	1,254	3,230	1,041	-	5,525
Exchange movement	54	137	59	-	250
<b>At 30 November 1995</b>	<b>2,366</b>	<b>20,420</b>	<b>2,874</b>	<b>29</b>	<b>25,689</b>
<b>DEPRECIATION</b>					
At 30 November 1994	232	6,471	-	3	6,706
Charge for year	39	1,808	-	4	1,851
Acquisitions	87	817	-	-	904
Exchange movement	4	39	-	-	43
<b>At 30 November 1995</b>	<b>362</b>	<b>9,135</b>	<b>-</b>	<b>7</b>	<b>9,504</b>
<b>NET BOOK AMOUNT</b>					
<b>At 30 November 1995</b>	<b>2,004</b>	<b>11,285</b>	<b>2,874</b>	<b>22</b>	<b>16,185</b>
<b>At 30 November 1994</b>	<b>740</b>	<b>7,868</b>	<b>1,572</b>	<b>10</b>	<b>10,190</b>
<b>Company</b>					
<b>COST</b>					
At 30 November 1994	972	13,951	1,338	13	16,274
Reclassification	-	2,254	(2,254)	-	-
Additions	43	-	2,138	-	2,181
<b>At 30 November 1995</b>	<b>1,015</b>	<b>16,205</b>	<b>1,222</b>	<b>13</b>	<b>18,455</b>
<b>DEPRECIATION</b>					
At 30 November 1994	232	6,258	-	3	6,493
Charge for year	24	1,596	-	3	1,623
<b>At 30 November 1995</b>	<b>256</b>	<b>7,854</b>	<b>-</b>	<b>6</b>	<b>8,116</b>
<b>NET BOOK AMOUNT</b>					
<b>At 30 November 1995</b>	<b>759</b>	<b>8,351</b>	<b>1,222</b>	<b>7</b>	<b>10,339</b>
<b>At 30 November 1994</b>	<b>740</b>	<b>7,693</b>	<b>1,338</b>	<b>10</b>	<b>9,781</b>

# NOTES TO THE ACCOUNTS

	Group		Company	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
<b>7. TANGIBLE FIXED ASSETS (Continued)</b>				
<b>CAPITAL COMMITMENTS</b>				
Authorised but not contracted for	1,052	318	998	278
Authorised and contracted for	199	189	139	176
<b>8. STOCKS</b>				
Raw materials and consumables	2,903	1,841	2,289	1,743
Work in progress	1,036	703	699	678
Finished goods and goods for resale	4,943	2,948	3,832	2,798
	8,882	5,492	6,820	5,219
<b>9. DEBTORS</b>				
Trade debtors	13,604	7,294	7,918	6,291
Amounts owed by associated undertakings	164	-	-	-
VAT recoverable	190	187	190	187
ACT recoverable	227	124	227	124
Other debtors	313	49	93	-
Prepayments	658	484	344	358
	15,156	8,138	8,772	6,960
<b>10. CREDITORS: amounts falling due within one year</b>				
Bank overdraft	1,113	615	-	-
Bank loans (Note 12)	1,476	150	150	150
Trade creditors	7,317	4,675	4,864	3,755
Taxation and social security	455	347	364	377
Proposed dividend	911	495	911	495
Accruals	1,984	1,188	1,262	930
Corporation tax	1,792	1,058	1,345	1,258
	15,048	8,528	8,896	6,965
<b>11. CREDITORS: amounts falling due after more than one year</b>				
Bank loans (Note 12)	3,403	750	600	750
ECSC loan (Note 12)	500	500	500	500
	3,903	1,250	1,100	1,250

# NOTES TO THE ACCOUNTS

Group		Company	
1995	1994	1995	1994
£'000	£'000	£'000	£'000

## 12. BANK LOANS

Unsecured Bank loan repayable by five annual instalments of £150,000 falling due in the period 23 April 1996 to 23 April 2000. Interest is charged at 1% above LIBOR.

750	900	750	900
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Unsecured ECSC loan repayable by four annual instalments of £125,000 falling due in the period 3 August 1998 to 3 August 2001. Interest is charged at an effective rate of 6.1%.

500	500	500	500
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Five year term loan bearing interest at variable rates (8.78% at 30 November 1995), payable in monthly instalments of £49,000 plus interest through March 1996; increasing to £65,000 plus interest through March 1997; increasing to £76,000 plus interest through March 1998; with final monthly instalments of £87,000 plus interest through March 1999.

2,934	-	-	-
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Two year term loan bearing interest at variable rates (8.78% at 30 November 1995), payable in monthly instalments of £54,000 plus interest through March 1996.

217	-	-	-
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Term loan bearing interest at variable rates (8.28% at 30 November 1995), payable in monthly instalments of £33,000 plus interest through May 1998.

978	-	-	-
<u>5,379</u>	<u>1,400</u>	<u>1,250</u>	<u>1,400</u>

The secured loan agreements require Selee Holding Company to comply with certain financial and non-financial covenants. The majority of the assets of Selee have been pledged as collateral for the aforementioned loans.

Selee entered into an interest rate swap agreement that expires in 1999 to exchange variable 30 day LIBOR rate plus 2.0% payments for 7.5% fixed-rate payments on a notional amount equal to the balance of the five-year term loan. This agreement effectively converts the variable rate borrowing under the five-year term loan to a 7.5% fixed-rate obligation. The interest rate differential received or paid is recognised as an adjustment to interest expense. Interest rate differential receipts under the swap agreement amounted to approximately £5,000 in interest income for the period from 7 July 1995 to 30 November 1995. To the extent that the variable rate on the five year term loan exceeds the fixed rate under the swap agreement, the Company is exposed to credit risk in the event of default by the counterparty of the swap agreement. The swap had an unfavourable market value of approximately £5,000 as of 30 November 1995.

Bank loans and other borrowings of the Group are repayable as follows:

	Group		Company	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
Within one year	1,479	150	150	150
One to two years	1,414	150	150	150
Two to five years	2,361	700	825	700
Over five years	125	400	125	400
	<u>5,379</u>	<u>1,400</u>	<u>1,250</u>	<u>1,400</u>

# NOTES TO THE ACCOUNTS

## 13. PROVISIONS FOR LIABILITIES AND CHARGES

Provisions in 1994 of £60,000 were in respect of pension costs ; these were utilised during 1995, see Note 19.

## 14. CALLED UP SHARE CAPITAL

	Group & Company	
	1995	1994
	£'000	£'000
<b>Authorised :</b>		
34,400,000 Ordinary shares of 2p each (1994: 33,500,000 ordinary shares)	688	670
<b>Allotted and fully paid :</b>		
24,610,991 Ordinary shares of 2p each (1994: 15,461,196)	492	309

Movements in the number of Ordinary shares during the year were :-

	Number
At 30 November 1994	15,461,196
<b>Shares issued as fully paid :</b>	
Upon Rights Issue @ £2.85	7,756,359
In consideration of acquisition of Selee Holding Company @ £3.2313	1,304,969
On exercise of options	88,467
<b>At 30 November 1995</b>	<b>24,610,991</b>

Options exercised during the period were: 8,284 at 23.18p, 26,190 at 84.98p, 15,531 at 89.81p, 31,462 at 127.48p and 7,000 at 135p.

## SHARE OPTIONS

The following options over Ordinary shares granted under the Porvair Share Option Scheme 1986 remain outstanding at 30 November 1995:

Number of shares	Subscription price	Exercise period
5,483	84.81p	1992 - 1999
143,273	127.48p	1995 - 2002
215,507	236.08p	1996 - 2003
80,484	269.13p	1997 - 2004

Movement in share options during the year were:-

	Number
At 30 November 1994	517,377
Adjustment due to Rights Issue	27,368
Options exercised	(88,467)
Options lapsed (@ 250.00p)	(11,531)
<b>At 30 November 1995</b>	<b>444,747</b>

# NOTES TO THE ACCOUNTS

## 15. RESERVES

	Shares to be issued £'000	Share premium account £'000	Profit and loss account £'000
<b>GROUP</b>			
At 30 November 1994	-	5,866	10,152
Deferred consideration on acquisition	3,868	-	-
Amount retained for the year	-	-	2,351
Premium on shares issued net of rights issue expenses	-	25,693	-
<b>At 30 November 1995</b>	<b>3,868</b>	<b>31,559</b>	<b>12,503</b>

## COMPANY

At 30 November 1994	-	5,866	7,673
Deferred consideration on acquisition	3,868	-	-
Amount retained for the year	-	-	1,135
Premium on shares issued net of rights issue expenses	-	25,693	-
<b>At 30 November 1995</b>	<b>3,868</b>	<b>31,559</b>	<b>8,808</b>

## 16. OTHER RESERVES

	Goodwill Written Off £'000	Exchange Reserve £'000	Capital Reserve £'000	Total £'000
<b>GROUP</b>				
At 30 November 1994	(3,230)	-	951	(2,279)
Goodwill on acquisition of Selee Holding Company	(23,258)	-	-	(23,258)
Goodwill on acquisition of Porvair Filtronics Limited minority shareholding	(43)	-	-	(43)
Exchange differences on retranslation of net assets of subsidiary	-	117	-	117
<b>At 30 November 1995</b>	<b>(26,531)</b>	<b>117</b>	<b>951</b>	<b>(25,463)</b>

## COMPANY

At 30 November 1994	-	-	951	951
Amount set aside for year	-	-	-	-
<b>At 30 November 1995</b>	<b>-</b>	<b>-</b>	<b>951</b>	<b>951</b>

# NOTES TO THE ACCOUNTS

## 17. OPERATING LEASE COMMITMENTS

	Group 1995		Group 1994	
	Land & Buildings £'000	Other £'000	Land & Buildings £'000	Other £'000
The Group is committed to the following rentals during next year on operating leases expiring :-				
Within one year	-	64	-	82
Within two to five years	-	302	-	126
Over five years	164	5	149	-
	<u>164</u>	<u>371</u>	<u>149</u>	<u>208</u>

## 18. CONTINGENT LIABILITIES

At 30 November 1995 there were no contingent liabilities (30 November 1994: £ Nil).

## 19. PENSION COSTS

The Company operates a defined benefit pension scheme covering the majority of employees. The pension scheme is financed through a separate trust fund administered by trustees with an independent Chairman.

Formal valuations of the pension scheme by a professionally qualified actuary are carried out at least every three years using the projected unit method. The latest actuarial valuation was at 1 April 1995. For the purposes of assessing pension costs under SSAP24, the principal actuarial assumptions adopted in that valuation were that, over the long term, the return on investments would be 9.75% per annum, that salary increases would average 6% per annum and that future pension increases would be limited to those provided on a statutory basis. The actuarial value of the assets on the funding basis was sufficient to cover only 85% (1994: 81%) of the benefits that had accrued to members after allowing for expected future increases in pensionable remuneration and the current funding deficiency amounted to £1,123,000. The Company's contributions are 13.44% and the Employees' contributions have been increased to 6% during 1995. The ongoing funding status of the plan is expected to reach 100% in 4 years.

The pension cost charge for the year was £602,000. The funding via employer contributions was £662,000 and the balance sheet provision has been reduced by £60,000 to nil.

The market value of the scheme's assets at 31 March 1995 was £6.8 million (1994 : £6.6 million).

For its USA employees, the company operates a Defined Contribution Pension Plan (the "Pension Plan") covering all eligible full-time employees. The Company contributes to the Pension Plan 3% of each participant's compensation each year.

## 20. EMPLOYEES

The average number of persons employed by the Group in the United Kingdom during the year was 420 (1994: 376), of which 132 were based at Porvair Technology Limited, 35 at Porvair Ceramics Limited and 253 based at other companies, predominantly Porvair International Limited. The average number of employees in the USA was 176.



# NOTES TO THE ACCOUNTS

## 21. EMOLUMENTS OF DIRECTORS

	Group 1995 £'000	Group 1994 £'000		Group 1995 £'000	Group 1994 £'000
<b>All Directors</b>			<b>Chairman and highest paid Director</b>		
Salary	206	250	Salary	78	76
Performance related pay	37	24	Performance related pay	14	9
Pension	62	33	Pension	44	10
Fees	49	33	Other benefits	7	7
Other benefits	22	27			
	<u>376</u>	<u>367</u>		<u>143</u>	<u>102</u>

Performance related pay is based on the achievement of sales, profit and cash targets and personal business objectives and is awarded by the Remuneration Committee. Only basic salary is pensionable. Full details of share options granted to Directors are disclosed in the Directors' Report.

The table which follows shows the number of Directors whose emoluments and fees, excluding pension contributions, were within the bands stated:

### Directors Emoluments - Bands

	1995 Number	1994 Number
£0 - £5,000	-	1
£10,001 - £15,000	4	3
£55,001 - £60,000	-	1
£65,001 - £70,000	-	1
£75,001 - £80,000	1	-
£80,001 - £85,000	-	1
£85,001 - £90,000	1	-
£90,001 - £95,000	-	1
£95,001 - £100,000	1	-

Details of the Emoluments are as follows:

	Salary £	Performance Related Pay £	Other Benefits £	Total £	Pension £
John Morgan	78,300	14,000	7,235	99,535	44,399
Anthony Collinson	70,000	13,000	6,523	89,523	9,408
Kenneth Symonds	57,200	10,300	8,623	76,123	7,688
William Wallis	13,125	-	-	13,125	-
Ernest Bostwick	13,125	-	-	13,125	-
Peter Greenwood	11,625	-	-	11,625	-
Neil Clarke	11,625	-	-	11,625	-
<b>TOTAL</b>	<b>255,000</b>	<b>37,300</b>	<b>22,381</b>	<b>314,681</b>	<b>61,495</b>

None of the above Directors has a service contract with a notice period of over one year.

# NOTES TO THE ACCOUNTS

## 22. EARNINGS PER SHARE

The earnings per share as shown in the profit and loss account are calculated by reference to the profit for the financial year and the average number of shares in issue during the year on a time weighted basis of 19,719,943 (1994: 15,452,049). Earnings per share has been adjusted to reflect the July 1995 rights issue.

## 23. ACQUISITION OF SUBSIDIARIES

On 7 July 1995 the Group acquired the entire share capital of Selee Holding Company, a company registered in the United States. The acquisition has been accounted for under the acquisition method of accounting. Details of the net assets, fair value adjustments and goodwill arising on the acquisition are as follows :

	Book Value	Alignment with Porvair Accounting Policies	Fair Value of assets Acquired
	£'000	£'000	£'000
Tangible assets	4,621	-	4,621
Intangible assets	1,295	(1,295)	-
Investment	213	(213)	-
Cash	120	-	120
Stocks	1,631	-	1,631
Debtors	3,065	-	3,065
Deferred tax	59	(59)	-
Total assets	11,004	(1,567)	9,437
Creditors	2,332	-	2,332
Taxation provision	332	-	332
Long term loans	4,610	-	4,610
Total liabilities	7,274	-	7,274
Net assets	3,730	(1,567)	2,163
Costs associated with the acquisition			(1,370)
Goodwill arising on acquisition			23,258
Purchase Price			24,051
Discharged by :			
Cash paid			15,966
Value of shares issued (ordinary shares at £3.2313)			4,217
Deferred consideration (ordinary shares at £3.2313)			3,868
			24,051

Goodwill arising on the acquisition has been written off to reserves (see Note 16).

# NOTES TO THE ACCOUNTS

## 23. ACQUISITION OF SUBSIDIARIES (continued)

Results of Selee Corporation for the 12 month period prior to acquisition :

	£'000
Turnover	16,965
Cost of sales	(12,389)
<b>Gross profit</b>	4,576
Distribution costs	(354)
Administration expenses	(2,246)
Other operating income	169
<b>Operating profit</b>	2,145
Interest	(356)
<b>Profit on ordinary activities before Taxation</b>	1,789

The results of Selee Corporation since acquisition are shown under acquisitions in the Consolidated Profit and Loss Account and in the segment information in Note 2.

The deferred consideration has been calculated at a share price of £3.2313 being an agreed theoretical ex rights price. Selee Corporation's investment in Venezuela has been written off as a fair value adjustment as a consequence of exchange control and relative political instability.

The maximum total amount payable under the terms of the agreement is 1,197,220 shares which will become payable in full if Selee Corporation achieves profits before taxation for the years ending 30 November 1995 and 1996 which, if calculated on a basis consistent with US GAAP, would represent at least \$4,352,000 (£2,775,510) and \$5,442,000 (£3,547,588) respectively.

Selee Corporation has achieved its profit target for the year ended 30 November 1995 and Selee Holding Company changed its name to Porvair Corporation on 2 January 1996.

## 24. FIXED ASSET INVESTMENTS

Company	Shares in subsidiary £'000	Loans to subsidiaries £'000	Shares in associate £'000	Total £'000
At 30 November 1994	316	676	4	996
Additions	25,421	-	-	25,421
<b>At 30 November 1995</b>	<b>25,737</b>	<b>676</b>	<b>4</b>	<b>26,417</b>

Additions to shares in subsidiaries and associates are recorded at cost.

The shares in associate represent a 25% holding in Phoenix Travel (King's Lynn) Limited, a company which is registered and operates within Great Britain as a travel agency.

The Group owns 49% of Selee de Venezuela ("SDV"), a joint venture which is registered and operates in Venezuela. SDV produces ceramic filters for aluminium casters in South America. SDV was acquired during the year on the acquisition of Selee Holding Company, but has been written off as a fair value adjustment as a consequence of exchange control and relative political instability (see Note 23).

Details of the Group's subsidiaries are given in Note 25.

# NOTES TO THE ACCOUNTS

## 25. THE COMPANY AND ITS SUBSIDIARIES

The results of the Company include the activities of Porvair International and Porvair Technology. The results of the Group consolidate the results of the Company with those of its subsidiaries. The principal active subsidiaries are as follows:

Name of Subsidiary	Share Details	Percentage holding
Porvair Ceramics Limited	£1 Ordinary	90%
Porvair Sports Goods Limited	£1 Ordinary	100%
Porvair Filtronics Limited	20p Ordinary	100%
	£1 Preference	100%
Porvair Corporation (formerly Selee Holding Company)	No Par Value	100%

In addition, the following dormant subsidiaries act as agents for the Company :

Porvair International Limited	£1 Ordinary	100%
Porvair Technology Limited	£1 Ordinary	100%

All Companies are registered and operate within Great Britain, except for Porvair Corporation which is registered and operates in the USA, and have been consolidated in the Group accounts. A full description of the subsidiary company businesses is given in the Operating Review.

All Group companies were audited by Price Waterhouse for the period under review.

	Group 1995 £'000	Group 1994 £'000
<b>26. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES :</b>		
Operating profit	5,536	3,311
Depreciation	1,851	1,428
Increase in stocks	(1,689)	(1,011)
Increase in debtors	(3,694)	(1,568)
Increase in creditors	1,090	1,512
Net cash inflow from operating activities	3,094	3,672

## 27. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

At beginning of year	(614)	(245)
Net cash inflow/(outflow)	1,194	(369)
Exchange movement	(22)	-
At end of year	558	(614)

## 28. ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	Change in year £'000	Group 1995 £'000	Group 1994 £'000
Cash at bank and in hand	1,670	1,671	1
Bank overdraft	(498)	(1,113)	(615)
	1,172	558	(614)

# NOTES TO THE ACCOUNTS

## 29. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR :

	Share Capital £'000	Loans £'000
At 30 November 1994	6,175	1,400
Acquired at acquisition	-	4,610
Issued at acquisition	4,217	-
Exchange movement	-	184
Cash inflow / (outflow) from financing	21,659	(815)
At 30 November 1995	<u>32,051</u>	<u>5,379</u>

## 30. PURCHASE OF SUBSIDIARY UNDERTAKING

The details of the purchase of the subsidiary undertaking, Selee Corporation, are shown in Note 23.

The subsidiary undertaking acquired during the year contributed £520,000 to the Group's net operating cash flows, paid £400,000 in respect of taxation, utilised £496,000 in respect of investing activities and paid £664,000 in respect of financing activities.

## 31. ANALYSIS OF THE NET OUTFLOW OF CASH AND CASH EQUIVALENTS IN RESPECT OF THE PURCHASE OF SUBSIDIARY UNDERTAKINGS

	£'000
Cash consideration	15,966
Cash acquired	(120)
Cash paid in respect of acquisition expenses	<u>1,370</u>
Net outflow of cash and cash equivalents	<u>17,216</u>

## 32. MINORITY INTEREST

Minority interest relates to equity interests in Porvair Ceramics Limited and Porvair Filtronics Limited. The minority interest in Porvair Filtronics Limited was purchased during the year.

## 33. POST BALANCE SHEET EVENT

### Aquatex Functional Fabrics

Since the balance sheet date, the Group acquired 100% of the ordinary share capital of Aquatex Functional Fabrics Limited from Headlam plc on 22 December 1995. The Company employs fifteen people and distributes performance textiles to the garment manufacturers of foul weather clothing. Porvair paid £2.35m cash for the Company and £166,000 for the freehold of the premises from which Aquatex operates. Headlam plc is obliged to buy back the property within 12 months if Porvair wishes to sell it. The price paid was for warranted profits of £323,000 for the year ending 31 December 1995, and is equivalent to approximately eleven times earnings.

This acquisition, together with a planned joint venture in the US, will allow Porvair to distribute performance fabrics and control its destiny in this market area better.

# FIVE YEAR SUMMARY

## FINANCIAL RECORD

### PROFIT AND LOSS ACCOUNT

	1991 £'000	1992 £'000	1993 £'000	1994 £'000	1995 £'000
Turnover	16,663	17,947	21,893	24,832	39,924
Profit before taxation	1,677	2,017	2,551	3,105	5,120
Taxation	(347)	(388)	(561)	(870)	(1,568)
Profit after taxation	1,330	1,629	1,990	2,235	3,552
Minority interests	-	77	39	8	(10)
Profit for the financial year	1,330	1,706	2,029	2,243	3,542
Dividends	(404)	(553)	(648)	(742)	(1,191)
Retained profits	926	1,153	1,381	1,501	2,351

### BALANCE SHEET

Fixed assets	8,251	8,842	9,296	10,194	16,189
Current assets	8,756	10,621	11,053	13,631	25,709
	17,007	19,463	20,349	23,825	41,898
Current liabilities	(5,656)	(6,462)	(6,393)	(8,528)	(15,048)
	11,351	13,001	13,956	15,297	26,850
Long term liabilities	(1,429)	(1,130)	(1,400)	(1,250)	(3,903)
Provisions for liabilities and charges	-	(690)	(84)	(60)	-
	9,922	11,181	12,472	13,987	22,947

### Capital and Reserves

Called up share capital	245	307	308	309	492
Share premium account	2,609	5,804	5,845	5,866	31,559
Shares to be issued	-	-	-	-	3,868
Other reserves	951	(2,134)	(2,279)	(2,279)	(25,463)
Profit & loss account	6,117	7,270	8,651	10,152	12,503
Shareholders' funds	9,922	11,247	12,525	14,048	22,959
Minority interest	-	(66)	(53)	(61)	(12)
	9,922	11,181	12,472	13,987	22,947
Earnings per share	9.9p	11.0p	12.5p	13.7p	18.0p
Dividends per share	3.0p	3.4p	4.0p	4.5p	5.4p

# NOTICE OF MEETING

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Notice is hereby given that the Annual General Meeting of Porvair plc will be held at The Assembly Rooms, King's Lynn Town Hall, Saturday Market Place, King's Lynn, Norfolk, PE30 1HY on Wednesday 3 April 1996 at 12 noon for the purpose of transacting the following business namely :

1. To receive and consider the Directors' report and audited accounts for the year ended 30 November 1995.
2. To consider and declare a final dividend on the Ordinary shares.
3. To re-elect Mr P W Greenwood as a Director of the Company.
4. To re-elect Mr K J Symonds as a Director of the Company.
5. To re-elect Mr R E Kopf as a Director of the Company.
6. To re-appoint Price Waterhouse as auditors of the Company and to authorise the Directors to fix their remuneration.

## **Special Business**

To consider and if thought fit pass the following resolutions, of which number 7 will be proposed as an ordinary resolution and number 8 will be proposed as a special resolution.

7. That for the purposes of Section 80 of the Companies Act 1985 (expressions used in this resolution bearing the same meaning as in the said Section) :
  - (i) the Directors be generally and unconditionally authorised to allot relevant securities up to a maximum nominal amount of £172,968 to such persons at such times and on such terms as they think proper during the period expiring on 2 April 2001 ; and
  - (ii) the Company be and it is hereby authorised to make prior to the expiry of such period any offer or agreement which would or might require relevant securities to be allotted after expiry of the said period and the Directors may allot relevant securities in pursuance of any such offer or agreement notwithstanding the expiry of the authority given in this resolution

and that the authority of the Directors pursuant to Section 80 of the Companies Act 1985, given on 11 April 1995 be and is hereby revoked.

8. That subject to the passing of resolution 7 set out in the Notice convening this meeting, the Directors be empowered to make allotments of equity securities (as defined in Section 94 of the Companies Act 1985) for cash pursuant to the authority conferred upon them by that resolution as if Section 89(1) of the Companies Act 1985 did not apply to any such allotment and so that :
  - (a) references to allotment in this resolution shall be construed in accordance with Section 94(3) of the said Act; and

# NOTICE OF MEETING

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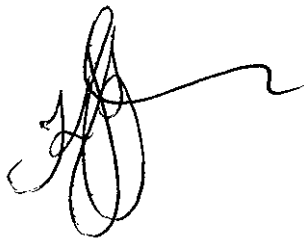
(b) the power conferred by this resolution shall enable the Company to make any offer or agreement before the expiry of the said period which would or might require equity securities to be allotted after the expiry of the said power and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding the expiry of such power ;

Provided however, that the power conferred by this resolution shall expire at the conclusion of the next Annual General Meeting of the Company (except to the extent that the same is renewed or extended on or before that date) or, if earlier, on 2 July 1997, and shall be limited :

(i) to the allotment of equity securities in connection with or pursuant to an offer by way of rights to the holders of Ordinary shares and other persons entitled to participate therein, in the proportion (as nearly as may be) to such holders' or to such other persons' holdings of such shares (or, as appropriate, to the numbers of such shares which such other persons are for these purposes deemed to hold) subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal and practical problems under the laws of or the requirements of any recognised regulatory body in any territory ; and

(ii) to the allotment (otherwise than aforesaid) of equity securities up to an aggregate nominal amount of £24,611.

By order of the Board  
**K J Symonds**  
Secretary  
Date: 29 February 1996



## Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not also be a member.
2. Copies of Directors' service contracts with the Company will be available for inspection at the Company's registered office in Riverside Industrial Estate, Estuary Road, King's Lynn, Norfolk, PE30 2HS, during normal business hours from the date of this notice until the date of the Annual General Meeting.



# DIRECTORS, SECRETARY AND ADVISERS

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<b>DIRECTORS</b>	John Morgan (Chairman) Ernest Bostwick* Anthony Collinson Peter Greenwood* Gene Kopf Kenneth Symonds William Wallis* * Non-Executive	<b>AUDITORS</b>	Price Waterhouse Victoria House 76 Milton Street Nottingham NG1 3QY
<b>MEMBERS OF THE AUDIT COMMITTEE</b>	Ernest Bostwick Peter Greenwood William Wallis (Chairman)	<b>BANKERS</b>	Barclays Bank plc 21 Tuesday Market Place King's Lynn Norfolk PE30 1JX
<b>MEMBERS OF THE REMUNERATION COMMITTEE</b>	Ernest Bostwick (Chairman) Peter Greenwood John Morgan William Wallis	<b>REGISTRARS AND TRANSFER OFFICE</b>	Independent Registrars Group Limited Brosely House Newlands Drive Witham Essex CM8 2UL
<b>SECRETARY AND REGISTERED OFFICE</b>	Kenneth John Symonds Riverside Industrial Estate Estuary Road King's Lynn Norfolk PE30 2HS	<b>SOLICITORS</b>	Travers Smith Braithwaite 10 Snow Hill London EC1A 2AL
<b>COMPANY REGISTRATION NUMBER</b>	1661935	<b>STOCKBROKERS</b>	Beeson Gregory Ltd The Registry Royal Mint Court London EC3N 4EY

## FINANCIAL CALENDAR

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<b>31 January 1996</b>	Preliminary announcement of results
<b>11 March 1996</b>	Ex dividend date for final dividend on ordinary shares
<b>19 March 1996</b>	Closure of share register for final dividend on ordinary shares
<b>3 April 1996</b>	Annual General Meeting
<b>9 April 1996</b>	Payment of final dividend on ordinary shares
<b>31 May 1995</b>	Financial half year end
<b>July 1996</b>	Announcement of interim results
<b>October 1996</b>	Payment of interim dividend on ordinary shares
<b>30 November 1996</b>	Financial year end



*Standing from left to right: Gene Kopf and John Morgan. Sitting from left to right: Kenneth Symonds and Anthony Collinson.*

## Executive Directors

### JOHN MORGAN, 56, CHAIRMAN

A Chemical Engineer with experience in manufacturing, marketing and management consultancy, he joined Porvair in 1979, becoming Managing Director in 1982 after leading the management buy-out. He became Chairman in 1990.

### ANTHONY COLLINSON, 53, MANAGING DIRECTOR OF PORVAIR INTERNATIONAL

He joined the company in 1989. Formerly holding positions as Managing Director for Scottfresh Limited, Irish Leathers PLC and Holmes Hall Tanners Limited, he has considerable experience in the footwear industry and overseas markets.

### KENNETH SYMONDS, 47, GROUP FINANCE DIRECTOR

He joined the company in 1985. Formerly holding positions with McCorquodale plc and Bayer AG, he is a Certified Accountant, Chartered Management Accountant and Chartered Secretary.

### GENE KOPF (USA), 55, PRESIDENT OF SELEE

He led the buy-out of Selee from Alusuisse Lonza in 1992. He has wide experience in the chemical and metals industries and has an extensive background in operations marketing and human resources management.



*From left to right: Ernest Bostwick, William Wallis and Peter Greenwood.*

## Non-Executive Directors

### ERNEST BOSTWICK, 63

He was appointed in 1988 and became Chairman of the Remuneration Committee in 1993. Formerly Northern Regional General Manager of GEC Telecommunications, Chairman of several privately owned UK companies, he is a board member of the DTI Regional Industry Advisory Board.

### PETER GREENWOOD, 61

He was appointed in 1986. A qualified lawyer and formerly Managing Director of Molins PLC, he has a broad commercial knowledge of overseas markets.

### WILLIAM WALLIS, 58

He was appointed at the time of the management buy-out in 1982 and became Chairman of the Audit Committee in 1993. He is a Chartered Accountant and is Mergers and Acquisitions Manager at Commercial Union plc. Previously he was Director of Corporate Finance with a merchant bank.

# FORM OF PROXY

I/We

(PLEASE USE BLOCK LETTERS)

of

being (a) member(s) of Porvair plc hereby appoint the Chairman of the meeting\*

or

as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday 3 April 1996 and at any adjournment thereof.

\*An alternative proxy, who need not be a member of the Company may be named if desired.

I/We direct our proxy to vote as follows:

Resolutions	For	Against
1. To receive the Directors' report and audited accounts for the year ended 30 November 1995		
2. To declare a final dividend on the Ordinary shares		
3. To re-elect Mr P W Greenwood as a Director of the Company		
4. To re-elect Mr K J Symonds as a Director of the Company		
5. To re-elect Mr R E Kopf as a Director of the Company		
6. To re-appoint Price Waterhouse as auditors of the Company and to authorise the Directors to fix their remuneration		
7. To authorise the allotment of shares pursuant to the Companies Act 1985		
8. To authorise the disapplication of pre-emption rights pursuant to the Companies Act 1985		

Please indicate how you wish to vote on each resolution by placing a tick in the appropriate box. If no indication is given, the proxy will exercise his discretion both as to how he votes and whether or not he abstains from voting.

Date this day of

Signature

Notes

1. Any alteration made on this form must be initialled
2. If the appointer is a Corporation, this form must be executed under its Common Seal or signed on its behalf by an Attorney or officer of the Corporation.
3. In the case of joint holders, any holder may sign this form.
4. To be effective, this form and the Power of Attorney or other authority if any, under which it is signed, must be lodged at the Independent Registrars Group Limited, Broseley House, Newlands Drive, Witham, Essex CM8 2UL not later than 48 hours before the time of the meeting
5. Any shareholder voting by proxy may also attend the Annual General Meeting.

First fold

Third fold (tuck in)

BUSINESS REPLY SERVICE  
License No. CL 450

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**Independant Registrars Group Limited  
Registrars for Porvair plc  
Broseley House  
Newlands Drive  
Witham  
Essex CM8 2BR**

Second fold

First fold