

Embargoed until 7.00am, 21 June 2005

## **Rotork p.l.c.**

### **2004 accounts restated and audited as compliant with International Financial Reporting Standards**

Rotork, the specialist engineer, today notifies its 2004 accounts restated and audited as compliant with International Financial Reporting Standards ("IFRS").

The adoption of IFRS will first apply to the Group's financial results for the six months ending 30 June, 2005. Previously Rotork reported under UK generally accepted accounting principles (UK GAAP).

The new accounting standards change the basis on which many of the figures in the accounts are calculated, and this statement should be read in conjunction with the full audited restatement also announced today. The adoption of IFRS results in changes to the Company's income statement for the 12 months ended 31 December 2004, announced on 3 March, 2005.

These restated accounts for 2004 will also be used as the comparative figures when the results for 2005 are released.

The major impacts of IFRS accounting standards on income are shown below.

- Cost of share schemes – This relates to all employee share schemes operated by the Group. Previously only the performance related share scheme "LTIP" resulted in a charge to income, the share option scheme being satisfied by the issue of new shares with no income statement charge. The new standard requires that all share schemes result in a charge against profits and prescribes a method for calculating the LTIP charge. This creates an overall reduction in the charge to profit of £12k in 2004.
- Treatment of intangibles – IFRS requires a new approach to the allocation of purchase price on an acquisition to reduce the amount of the carrying value of goodwill by allocating purchase price to amortisable intangibles. As a result, an additional charge of £70k against profit appears in relation to the 2004 acquisition of Deanquip.
- Goodwill amortisation – The 2004 goodwill amortisation of £1,293k is reversed as goodwill on earlier acquisitions are fixed at the 1 January 2004 value and subject to annual impairment tests.
- Capitalised development costs – This relates to the requirement to attribute value to the development of products under a prescribed formula. An additional charge against profit of £220k appears in the 2004 accounts. The Balance Sheet has an additional net asset of £772k relating to historic development costs now capitalised.

- Treatment of exchange gains. This standard requires exchange gains, mainly on the conversion of foreign currency cash balances, to be shown after the definition of operating income, rather than within it. 2004 had an exchange gain relating to foreign cash held, credited within administration costs. This now comes out of operating income into financial income. The result is that operating income drops by £440k, but Profit before Tax is unchanged.
- Basic EPS as reported was 23.2p, under the restated accounts it is 24.5p.
- Balance sheet reclassification – IFRS requires a number of assets and liabilities to be presented differently. The most significant change is the presentation of all deferred tax assets as non-current assets rather than as current assets or a reduction in the defined benefit pension liability. Furthermore, employee related accruals, previously shown in current liabilities, are now disclosed within employee benefits which is within non-current liabilities and there is some reanalysis between the lines within equity.

Attached to this statement are the 2004 income statement reconciliation and balance sheet reconciliation at 31 December 2004 to the IFRS accounts now released.

A second statement notified today provides the full restated accounts for 2004.

Additionally, Rotork announces that today a meeting will be held with analysts at the Lucca plant in Italy, the main factory operated by the Rotork Fluid System division which is one of the main growth areas for the Group. No new trading information will be provided by the Company at this event. Trading remains in line with the Trading Update made at the Annual General Meeting on 22 April 2005.

The Company's announcement of its interim 2005 results will be made on 3 August 2005.

For further information on this please contact:

**For further information, please contact:**

**Rotork p.l.c.**

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**IFRS restated 2004 audited accounts**  
**Income statement**

	UK GAAP	Share based payments	Amortisation of acquired intangibles	Capitalised development costs	Disclosure of exchange gains	Reverse goodwill write down	IFRS
Revenue	146,883						146,883
Cost of sales	(79,030)	(17)	(50)				(79,097)
Gross profit	67,853	(17)	(50)	0	0	0	67,786
Overheads	(37,996)	29	(20)	(220)	(440)	1,293	(37,354)
Profits from operations	29,857	12	(70)	(220)	(440)	1,293	30,432
Net financing income	634				440		1,074
Profit before tax	30,491	12	(70)	(220)	0	1,293	31,506
Tax expense	(10,591)	(4)	21	66			(10,508)
Net profit for the year	19,900	8	(49)	(154)	0	1,293	20,998

**IFRS restated 2004 audited accounts**  
**Balance sheet**

	UK GAAP	Share based payments	Intangibles acquired	Capitalised development	Reverse goodwill write down	Reverse declared dividend	Presentation adjustment	IFRS
PP&E	13,877							13,877
Intangible assets	18,174		(70)	772	1,293			20,169
Deferred tax assets		173	21				6,794	6,988
Other receivables	489							489
Total non-current assets	32,540	173	(49)	772	1,293	0	6,794	41,523
Inventories	21,015							21,015
Trade receivables	34,060							34,060
Current tax receivable	2,176							2,176
Other receivables	3,442						(917)	2,525
Cash and cash equivalents	25,298							25,298
Total current assets	85,991	0	0	0	0	0	(917)	85,074
Total assets	118,531	173	(49)	772	1,293	0	5,877	126,597
Issued capital	4,300							4,300
Preference shares	47							47
Share premium	4,993							4,993
Reserves	4,042						(3,617)	425
Retained earnings	44,753	716	(49)	541	1,293	8,342	2,893	58,489
Total equity	58,135	716	(49)	541	1,293	8,342	(724)	68,254
Loans and borrowings	268							268
Employee benefits	13,885	(543)					10,227	23,569
Deferred tax liabilities	275			231			649	1,155
Provisions	1,159						(638)	521
Total non-current liabilities	15,587	(543)	0	231	0	0	10,238	25,513
Bank overdraft	473							473
Loans and borrowings	253							253
Trade payables	15,609							15,609
Current tax	5,779							5,779
Other payables	21,653					(8,342)	(3,637)	9,674
Provisions	1,042							1,042
Total current liabilities	44,809	0	0	0	0	(8,342)	(3,637)	32,830
Total liabilities	60,396	(543)	0	231	0	(8,342)	6,601	58,343
Total equity and liabilities	118,531	173	(49)	772	1,293	0	5,877	126,597