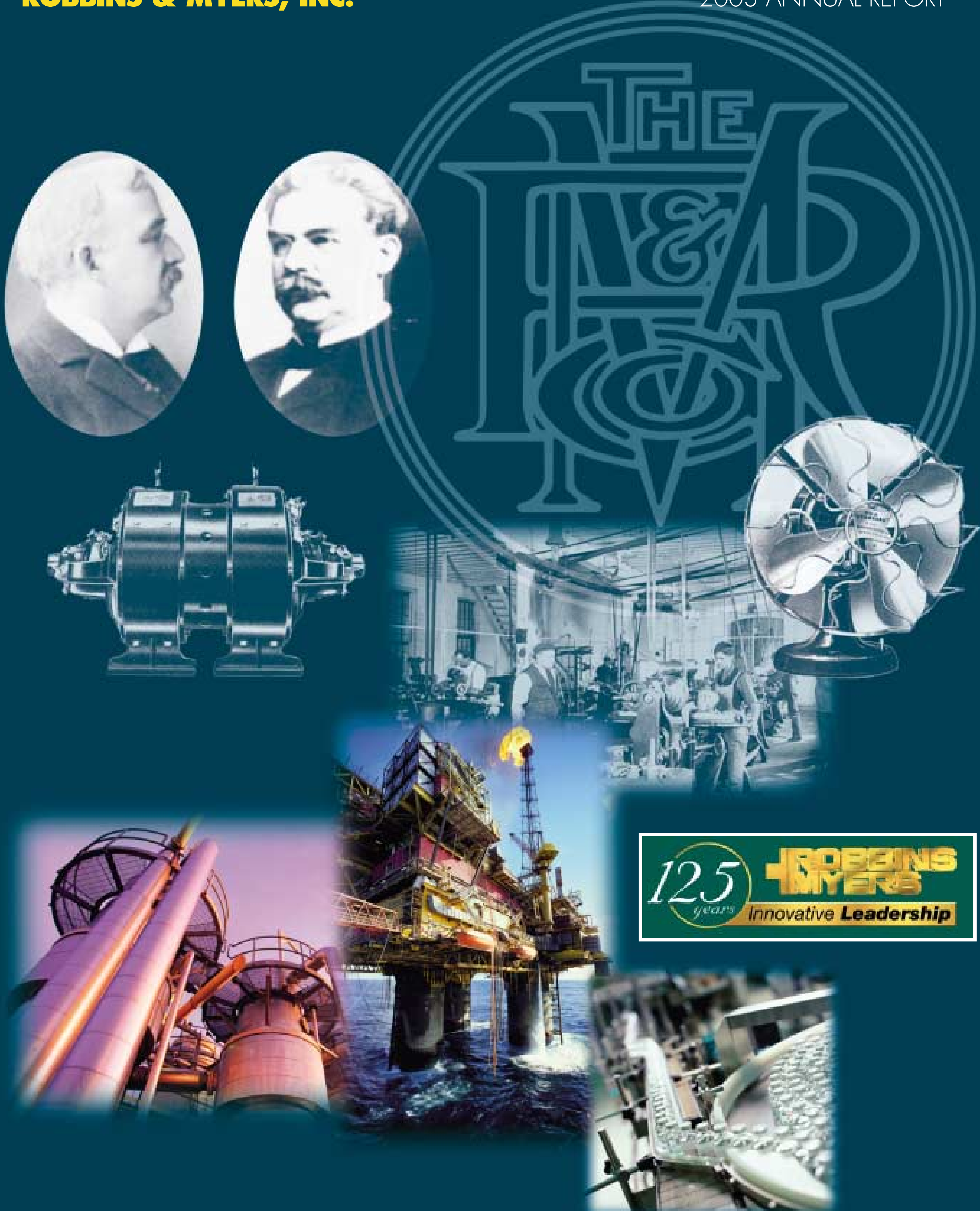
ROBBINS & MYERS, INC.

2003 ANNUAL REPORT



125TH **ANNIVERSARY**

Robbins & Myers celebrates its 125th anniversary this year. From roots as a quiet, unassuming gray-iron foundry, the Company has grown into a leading global supplier of equipment and systems for the pharmaceutical, energy, and industrial markets.

Robbins & Myers, built on a rich tradition of quality and innovation, has achieved prominent brand recognition in many of the niche markets we serve.

This tradition provides a solid foundation as we implement our strategy, ***to focus on markets offering superior growth opportunities and to broaden our worldwide presence.***

COMPANY **PROFILE**

Robbins & Myers, Inc., is a leading manufacturer and marketer of engineered, application-critical equipment and systems for the global pharmaceutical, energy, and industrial markets. Headquartered in Dayton, Ohio, USA, Robbins & Myers maintains a worldwide presence with manufacturing operations in 15 countries.

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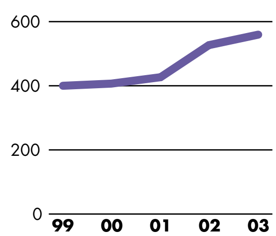
FINANCIAL **HIGHLIGHTS**

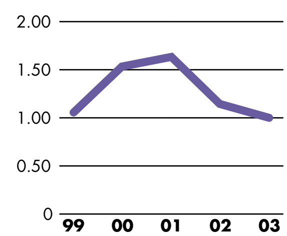
Robbins & Myers, Inc. and Subsidiaries

	2003	% Change	2002	% Change	2001
Operating Results (In thousands)					
Sales	$560,775	6.5%	$526,373	23.6%	$425,902
EBIT	38,709	(5.5)	40,947	(5.3)	43,236
Net income	14,368	(.9)	14,503	(26.1)	19,631
Performance Statistics					
Percent of sales					
EBIT	6.9%		7.8%		10.2%
Net Income	2.6		2.8		4.6
EBIT Return on net assets	8.0		8.9		12.4
Net income return on average equity	5.2		6.7		11.2
Other Data					
Net income per share, diluted	$ 1.00	(13.0)%	$ 1.15	(29.4)%	$ 1.63
Dividends declared	$ 0.22	-	$ 0.22	-	$ 0.22
Number of employees	3,904	(.4)	3,921	(9.5)	4,334

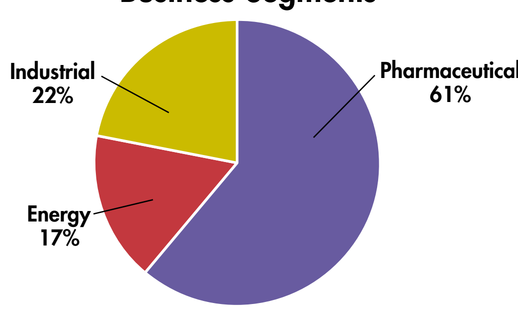
Net Sales
In millions of dollars



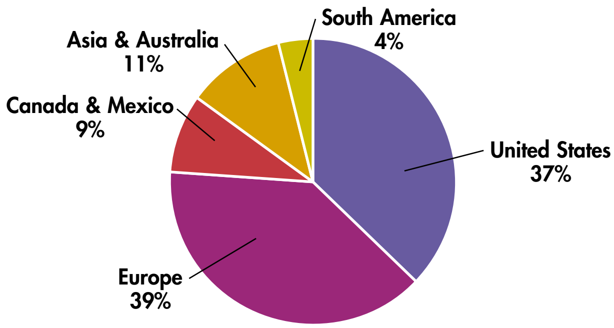
Net Income per Share
Diluted In dollars



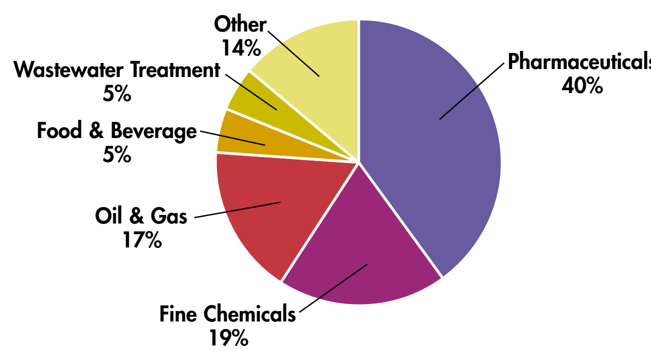
Sales by Business Segments



Global Sales



Sales by Served Markets



LETTER TO **SHAREHOLDERS**

GERALD L. CONNELLY, PRESIDENT AND CHIEF EXECUTIVE OFFICER AND MAYNARD H. MURCH IV, CHAIRMAN OF THE BOARD

Robbins & Myers celebrated its 125th anniversary in 2003. With its origins as a gray iron foundry, your Company has evolved into one of the world's leading designers, manufacturers and marketers of specialized equipment and engineered systems for the pharmaceutical, energy and industrial markets. We continue to be built on a foundation rich in the traditions of innovation, product quality and customer service. In turn, this has resulted in leading product and market share positions in the markets we serve. As we look forward, our strategic focus will be centered on serving markets that offer attractive growth opportunities. A recent example being our acquisition of Romaco which serves the pharmaceutical industry. We believe our market-centric approach, global presence, ongoing commitment to core values and operational excellence will serve us well as we strive to create value for our shareholders.

Fiscal 2003 management priorities and operating results were influenced by changing global economic environments and market conditions. On one hand, the North American market experienced modest improvement in the second half of the fiscal year; whereas, the European markets have evidenced some decline. Asia continued to be a bright spot with generally strong business conditions.

The unsettled economic crosscurrents and unstable conditions of fiscal 2003 proved to be challenging for the manufacturing sector, including Robbins & Myers. Your Company did, however, finish the year with higher revenues, per share earnings of $1.00 and increased cash flow from operations. In addition, we recorded three quarters of sequentially higher earnings, acquired Tarby, Inc. and strengthened our balance sheet. The Tarby acquisition solidifies our Moyno unit's aftermarket position and profitability. Our main priorities during the year included balance sheet management, growth initiatives and product cost reductions.

OPERATING RESULTS

Sales for fiscal 2003 were $561 million, a seven percent increase over the $526 million in fiscal 2002, due in part to the increasing value of the euro. Diluted earnings per share were $1.00 compared to $1.15 for fiscal year 2002. Net income of $14.4 million for fiscal 2003 equaled fiscal 2002, and cash flow from operations was $46 million vs. $45 million in the prior fiscal year.

Robbins & Myers' financial performance in fiscal 2003 was generally aligned with global manufacturing conditions. The Industrial and Energy segments displayed modest improvement in the U.S., and the European markets exhibited softness. The Pharmaceutical segment, while still demonstrating growth, lagged in expectations due to its dependence on European economies. We are confident that we have retained market share in all of our segments during the most recent economic downturn.

BALANCE SHEET MANAGEMENT With the prevailing difficult manufacturing environment, we placed attention on managing the balance sheet and reducing financial leverage. Cash generation was a top priority and enabled us to reduce debt by $15 million. The successful follow-on equity offering in 2002 served Robbins & Myers well in 2003 as the Company reduced its financial leverage. Additionally, we concluded a highly successful exchange offer for $40 million of the $60 million convertible debentures due September 2003 to a new issue of similar securities due in 2008; thus, enabling continuation of the option to convert debt to equity and further reduce leverage. The remaining $20 million of convertible debentures were retired using our revolving credit line. The balance between new convertible debentures and use of the credit line resulted in no additional dilution to earnings or to share ownership.

In October of fiscal 2004, Robbins & Myers successfully negotiated a new $125 million debt agreement with its current bank group. The agreement will expire in October of 2006 and provides us with capital to pursue internal and external growth.

We also filed a shelf registration with the SEC which includes a wide variety of debt and equity securities that we may find appropriate to issue at some time in the future.

GROWTH INITIATIVES We maintained our focus on internal growth initiatives. New product sales in fiscal year 2003 were ten percent of total sales or $57 million vs. nine percent of sales in fiscal 2002 or $45 million. These efforts contributed substantially to offset the recessionary decline of traditional products and enhanced our ability to perform in a stagnant manufacturing environment. New products are defined as prominent additions and/or extensions to current products which did not exist in the current fiscal year or the prior four years. We have an ongoing process of reviewing new product initiatives with each business unit every quarter.

While our traditional western markets have been depressed, we have developed our presence in a number of emerging markets including China, Russia, India, Brazil, Venezuela and various other countries in Latin America and Asia.

We are also internally screening a number of potential acquisition candidates for our Pharmaceutical and Energy segments. These business units occupy leading positions in their markets and have targeted fill-in and fill-out type acquisitions that would broaden their products and services. We believe there are significant opportunities for growth through this approach.

PRODUCT COSTS Robbins & Myers has achieved notable results in reducing overhead and direct manufacturing costs at many of our units. In fiscal year 2003, the emphasis of this on-going effort was in the U.K. and Germany. On a broader front, the major focus in fiscal 2003 was shifted from overhead cost reduction to product costs, both in the design of products and in the sourcing of components.

Many of the Robbins & Myers' units have been re-evaluating design specifications with respect to a "fit for use" concept. Additionally, we have established a corporate wide initiative to procure standard components on a global basis. At this time, emphasis is on India, China, Brazil and Mexico with rather dramatic results achieved thus far. We established a procurement function in India under the direction of the Corporate office, utilizing the infrastructure of our business in India. The benefit of this new approach will have a meaningful impact on profitability next year and the years to come.

LOOKING AHEAD As we look forward to fiscal 2004, we anticipate our Pharmaceutical Segment will continue to grow. The Energy Segment will benefit from the increase in oil and gas prices once the excessive inventory in the system works its way through. Rig counts have increased particularly in North America, and we expect that during fiscal year 2004 our revenues and profitability in the Energy Segment will benefit. The Industrial Segment is positioned to achieve higher profitability as order patterns reflect improvement. We also look forward to the favorable impact of our cost reduction efforts and possible acquisitions.

IN SUMMARY We will balance our efforts on internal and external growth with a focus on specific markets. At the same time, we will concentrate on operating efficiencies as a means to build shareholder value.

MAYNARD H. MURCH IV
CHAIRMAN OF THE BOARD

GERALD L. CONNELLY
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

FOCUSED ON **GLOBAL GROWTH** MARKETS

Robbins & Myers is focused on MARKETS that offer superior growth opportunities, such as pharmaceutical and energy. Our equipment and systems are well known, with many brands holding the number one or two market share position. We maintain global manufacturing, sales, distribution and service facilities, which allow Robbins & Myers to respond to the globalization of our customer base. Robbins & Myers consists of three market-focused segments: Pharmaceutical, Energy, and Industrial.

PHARMACEUTICAL

This segment encompasses the Reactor Systems and Romaco businesses and serves the pharmaceutical, healthcare, nutraceutical and fine chemicals markets. Reactor Systems, which includes the Pfaudler and TyconTechnoglass brand names, designs, manufactures and markets primary processing equipment, including glass-lined reactors and storage vessels, engineered systems, mixing systems and accessories. It is the global leader in glass-lined equipment. Romaco designs, manufactures and markets secondary processing, dosing, filling, printing and security equipment for the pharmaceutical industry. Several Romaco brands hold the number one or number two market positions in the niches they serve.

ENERGY

The Energy segment provides leading-edge solutions for the exploration and production aspects of the oil and gas industry. The R & M Energy Systems business unit designs, manufactures, and markets hydraulic power sections used in subsurface drilling, down-hole progressing cavity pumps for recovery, and a wide breadth of ancillary equipment, such as rod guides, rod and tubing rotators, wellhead systems and pipeline closure valves. It is the leading independent global supplier of hydraulic drilling power sections, rod guides and wellhead components, and it holds the number two position in down-hole progressing cavity pumps. R & M Energy Systems, with its comprehensive product portfolio and proprietary technology, has the capability of providing complete system sourcing to the customer.

INDUSTRIAL

The Industrial segment is comprised of the Moyno, Chemineer, and Edlon businesses. Their primary served markets are specialty chemicals and wastewater treatment as a well as wide variety of other industrial processing applications. Each possess strong brand names and leading niche market share positions.

Moyno manufactures and markets progressing cavity pumps that provide solutions for a wide range of fluids handling applications involving the flow of viscous, abrasive and solid-laden slurries and sludge. Moyno is the market leader in North America and ranks as one of the top global manufacturers.

Chemineer designs and manufactures high-quality fluid-agitation equipment, which includes industrial mixers, high-shear and static mixers. Application engineering expertise, diverse product offerings, high quality and customer support capability positions Chemineer as number two in global market share.

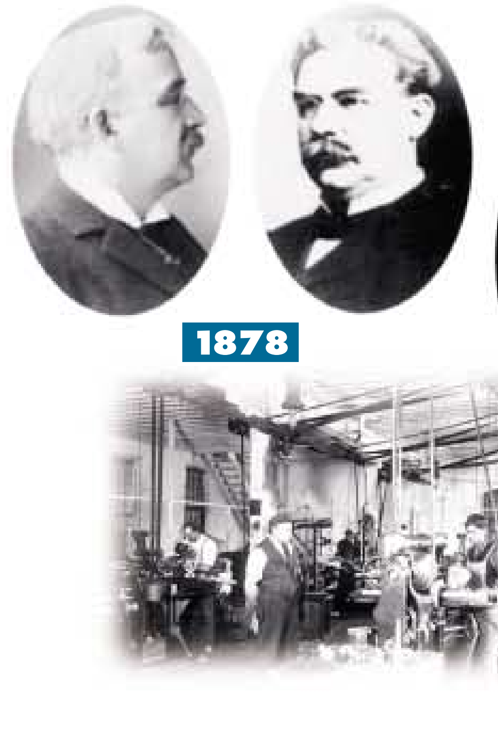
Edlon manufactures fluoropolymer-lined pipe and fittings, fluoropolymer-lined vessels, roll covers for paper making machines, and accessories for glass-line reactor systems. These products provide corrosion protection and high-purity fluid assurance. Edlon's extensive knowledge and application expertise with fluoropolymers allows it to offer highly engineered equipment for special applications not readily available in the marketplace.


ENERGY

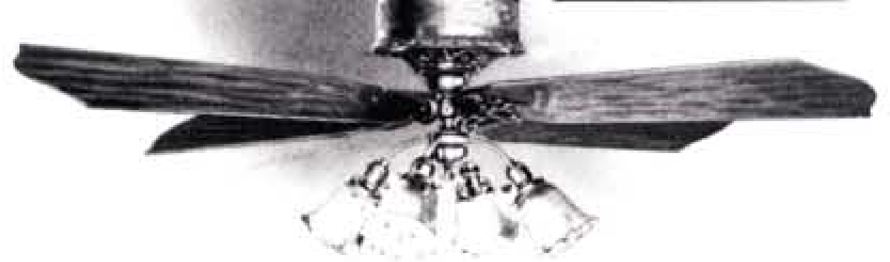
INDUSTRIAL

BUILDING ON A RICH TRADITION

125 years · Robbins & Myers · Innovative Leadership

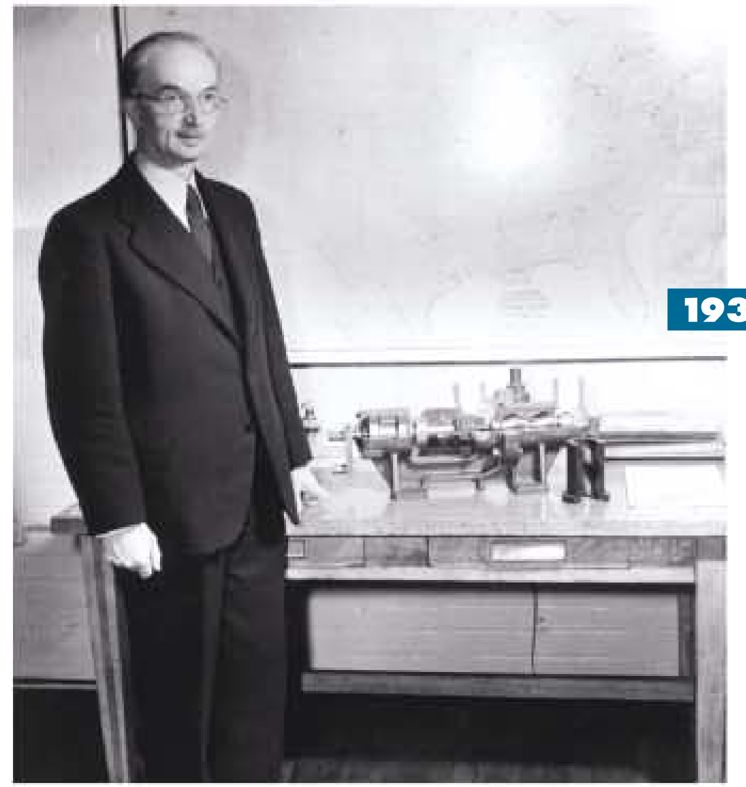


1878

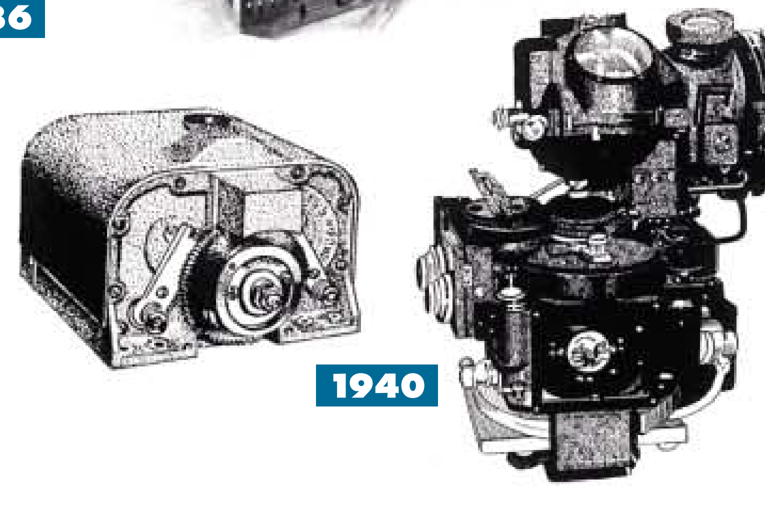


1897

1911



1929

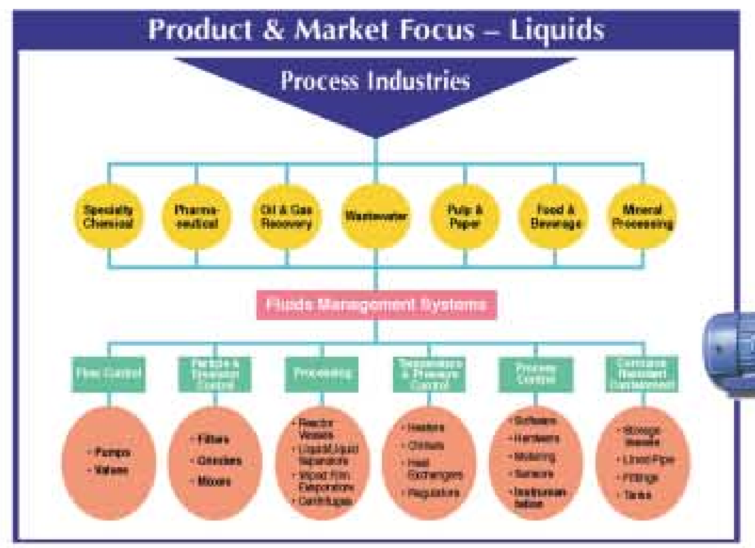


1936

1940

1955

1970



1991

1994

1997

2001

1878
Robbins & Myers was founded in 1878 when Chandler Robbins, a soldier, surveyor and astronomer, and James Myers, an educator turned retail grocer, bought a gray-iron foundry. They began supplying castings to the growing industry of that era, agricultural machinery and implements. By the late 1800s, the business expanded to include bicycles. From the start, Robbins & Myers castings achieved the reputation of excellent quality.

1897
The close of the 19th century saw the threshold of the "Age of Electricity." Searching for new markets, the Company recognized this opportunity and commenced the manufacture of motor-driven fans. This quickly led to the production of electric motors, focusing primarily on small motors. Known for their durability and high quality, Robbins & Myers motors soon became the "standard of the industry."

1911
Along with the reputation for high quality, the Company became known for innovation. Thus, at the start of the 20th century, men of vision in the "business of invention" sought out Robbins & Myers. Individuals such as Charles Kettering, inventor of the electric automobile starter, John Heinze, manufacturer of the automobile starter for the Ford Motor Company, and Guglielmo Marconi, inventor of the wireless telegraph, came to the Company for design and manufacturing assistance.

1929
Responding to demands for new tools to improve manufacturing production, Robbins & Myers initiated manufacture of electric hoists, overhead cranes and winches used extensively in manufacturing assembly line operations.

1936
The strategy for the young Company was finding new markets where the efficiencies of the electric motor could be exploited. Thus, in 1936 Robbins & Myers entered the industrial pump market when it became the exclusive North American licensee for the progressing cavity pump invented by French scientist, Dr. Rene Moineau. This new pump technology was capable of handling thick, viscous, abrasive, solids-laden substances and quickly became known in the marketplace for its ability to pump the most difficult fluids-handling applications.

1940
At the start of World War II, Robbins & Myers was approached by Carl Norden, inventor of the famed Norden bombsight. He sought assistance in producing motors that could meet the high performance demands of delicate aircraft navigational systems. The Company was very soon manufacturing all precision parts for the bombsight and for aircraft stabilizers.

1955
During the period following WWII, the Company advanced the technology of its diverse product lines, hoists and cranes, progressing cavity pumps, fans, and motors. Market-driven product introduction was the hallmark of Robbins & Myers in this era. In 1955, the Company was the first to introduce progressing cavity power sections for use in horizontal and directional oil-well drilling.

1970
The period of 1970 through the 1980s was one of dramatic changes. The early 1970s saw a surge of growth led by high demand for ceiling fans. This, however, quickly evaporated as low-cost offshore products brought significant competition to the ceiling fan business. Weak business conditions led to divestiture of the Hoist and Crane and the Hunter ceiling fan businesses in 1983 and 1984. Product development in the remaining Robbins & Myers businesses flourished, and the company introduced the Down-Hole progressing cavity pump for oil and gas recovery in 1981.

1991
By 1991, the future of Robbins & Myers was clear, and a new strategy was developed focusing on creative fluids management solutions for the process industries. The first step was divestiture of the Company's Motion Control Group (Motors). This was quickly followed with the acquisition of two small industrial mixing equipment companies. This served as initial implementation of the new focused fluids management strategy.

1994
A major event expanding the fluids management strategy was the acquisition of the Pfaudler, Chemineer, and Edlon businesses in 1994. This opened new opportunities for the Company to serve a broader base of process industry customers with a wider range of products. This acquisition extended the Company's industrial mixer product offering and initiated entry into glass-lined reactors and vessels and glass-lined accessories markets.

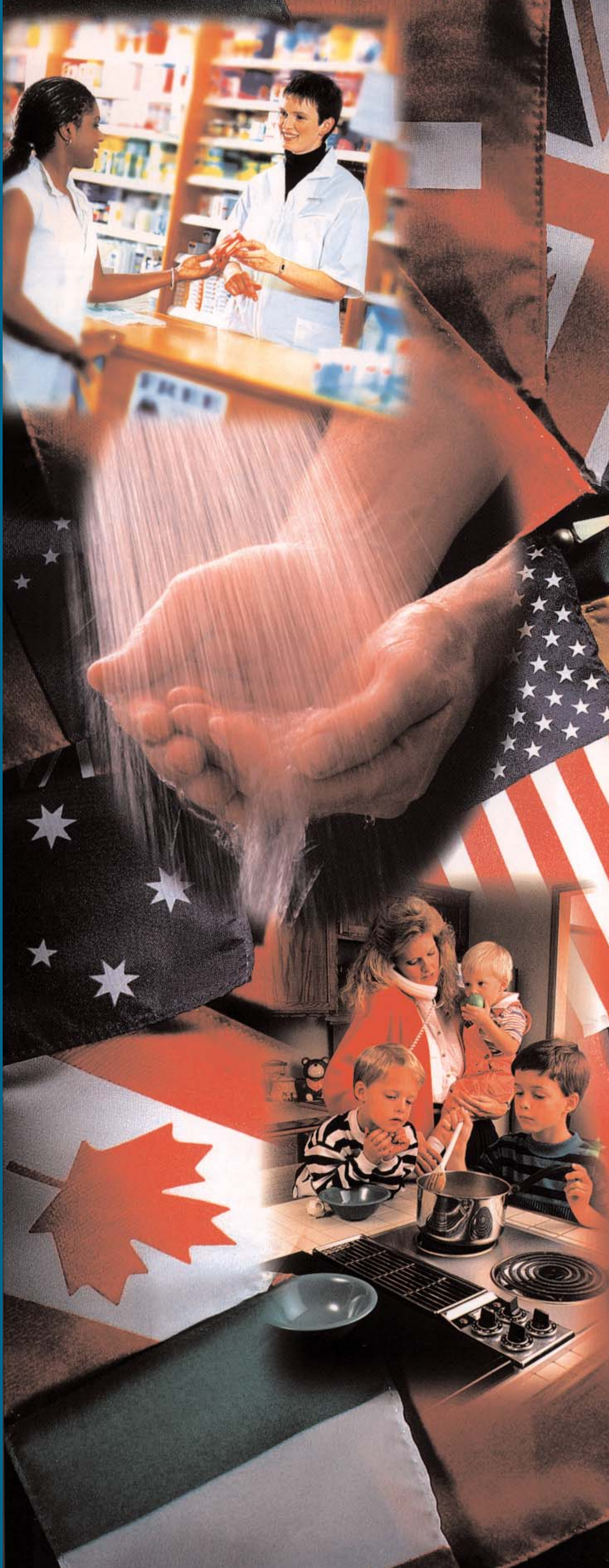
1997
The latter part of the 20th century witnessed a period of strong external growth for the Company with a series of acquisitions that added to the existing glass-lined reactors, industrial pumps, industrial mixing and fluoropolymer product platforms. In 1997, Robbins & Myers doubled its presence in the energy sector by acquiring Flow Control Equipment, a leading manufacturer of oil production and wellhead equipment.

2001
The acquisition of Romaco in 2001 was a transforming event, positioning Robbins & Myers as a major producer of pharmaceutical equipment globally. Romaco designs, manufactures, and markets secondary processing, packaging, printing and security equipment for the pharmaceutical and cosmetics industries and provides a solid platform for future growth.

ROBBINS & MYERS
TOMORROW

Our 125 years of innovative leadership and commitment to superior quality and excellence provide Robbins & Myers with a solid foundation for future growth. Dramatic advancements in improving the quality of life globally is the focus of our key markets: pharmaceutical, energy, and water treatment. These industries will require unparalleled support from suppliers to achieve further advancement in the quality of life. Robbins & Myers is well positioned to meet this challenge with our market-focused strategy, strong brand equity, and continuing emphasis on operational excellence. We are unique in our ability to provide full systems solutions that will allow our customers to shape the global quality of life.

125 years ROBBINS MYERS Innovative Leadership



2003 FINANCIAL REVIEW

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SELECTED FINANCIAL DATA[1]

(In thousands, except percents, per share, shareholder and employee data)	5 Year Average Growth	2003	2002	2001	2000	1999	1998
Operating Results							
Orders	5.6%	**$546,357**	$508,943	$427,275	$412,948	$373,135	$416,989
Ending backlog		**111,375**	125,665	143,522	80,484	74,330	96,022
Sales	5.1	**560,775**	526,373	425,902	406,714	400,142	436,474
Gross profit (2)	3.5	**188,816**	173,764	140,734	140,234	136,166	158,713
EBIT (2,3,4)	(8.4)	**38,709**	40,947	43,236	43,572	33,288	60,142
Net income (2,3)	(14.4)	**14,368**	14,503	19,631	18,056	11,849	31,230
Financial Condition							
Total assets		**$704,456**	$679,925	$660,260	$495,679	$493,852	$501,008
Total debt		**193,603**	208,446	258,894	177,864	191,272	206,242
Shareholders' equity		**287,006**	260,493	197,902	167,182	154,226	150,763
Total capitalization		**480,609**	468,939	456,796	345,046	345,498	357,005
Performance Statistics							
Percent of sales:							
Gross profit (2)		**33.7%**	33.0%	33.0%	34.5%	34.0%	36.4%
EBIT (2,3)		**6.9**	7.8	10.2	10.7	8.3	13.8
Debt as a % of total capitalization		**40.3**	44.5	56.7	51.5	55.4	57.8
EBIT return on average net assets		**8.0**	8.9	12.4	12.6	9.3	16.7
Net income return on avg. equity		**5.2**	6.7	11.2	11.2	7.8	22.7
Per Share Data							
Net income per share, diluted (2,3)	(16.3)%	**$ 1.00**	$ 1.15	$ 1.63	$ 1.53	$ 1.06	$ 2.43
Dividends declared	0.5	**0.22**	0.22	0.22	0.22	0.22	0.215
Market price of common stock:							
High		**$ 22.77**	$ 29.28	$ 29.25	$ 24.50	$ 25.88	$ 40.50
Low		**13.29**	18.91	21.56	15.19	15.69	23.00
Close	(0.9)%	**22.73**	18.91	28.38	23.88	23.50	23.75
P/E ratio at August 31, diluted		**22.7**	16.4	17.4	15.6	22.2	9.8
Other Data							
Cash flow from operations		**$ 45,636**	$ 44,540	$ 30,984	$ 36,040	$ 39,463	$ 48,574
Capital expenditures, net		**7,869**	15,112	20,200	19,842	11,612	23,020
Free cash flow (5)		**37,767**	29,428	10,784	16,198	27,851	25,554
Amortization(3)		**$ 2,189**	$ 2,015	$ 8,187	$ 8,077	$ 7,660	$ 7,670
Depreciation		**20,093**	20,028	16,161	16,293	16,861	15,846
Enterprise value (6)	2.2%	**521,483**	479,483	591,650	439,493	448,386	468,015
Shares outstanding at year end		**14,425**	14,333	11,726	10,956	10,941	11,022
Average diluted shares (7)		**16,492**	14,688	13,465	13,416	13,535	13,906
Number of shareholders (8)		**2,875**	2,809	2,885	2,932	3,256	3,326
Number of employees		**3,904**	3,921	4,334	3,284	3,244	3,071

Notes to Selected Financial Data

(1) Fiscal 2003 reflected the acquisition of Tarby on November 15, 2002. Fiscal 2001 reflected the acquisition of Romaco on August 31, 2001. The August 31, 2001 consolidated balance sheet data included Romaco, but the fiscal 2001 consolidated income statement data did not include Romaco. Fiscal 1998 reflected the acquisitions of Flow Control Equipment, Inc. and Technoglass S.p.A

(2) Fiscal 2001 included charges of $2,492,000 related to our global reorganization program, including inventory write-downs of $1,000,000 that are included in gross profit. Fiscal 2000 included charges of $409,000 relating to the closure of our Fairfield, California manufacturing facility, a gain of $918,000 related to the sale of our Fairfield facility and a charge of $500,000 related to Universal Glasteel Equipment, Inc. Fiscal 1999 included charges of $4,769,000 primarily for the closure of our Fairfield facility and severance and early retirement costs of $1,600,000. These special items decreased fiscal 2001 net income by $1,670,000 ($0.12 per diluted share), increased fiscal 2000 net income by $6,000 ($0.00 per diluted share) and decreased fiscal 1999 net income by $4,204,000 ($0.31 per diluted share). See Note 5 of Notes to Consolidated Financial Statements.

(3) In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard ("SFAS") No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 established accounting and reporting standards for intangible assets and goodwill. It required that goodwill and certain intangible assets no longer be amortized to earnings, but instead be reviewed periodically for impairment. We adopted this pronouncement as of the beginning of fiscal 2002. Had the new pronouncement been adopted at the beginning of fiscal 1998 (i) goodwill amortization in the following amounts would not have been recorded in the periods indicated: fiscal 2001, $5,420,000; fiscal 2000, $5,541,000; fiscal 1999, $5,439,000; and fiscal 1998, $4,798,000; and (ii) net income per diluted share in the periods indicated would have been as follows: fiscal 2001, $1.88; fiscal 2000, $1.80; fiscal 1999, $1.32; and fiscal 1998, $2.65.

(4) EBIT represents income before interest and income taxes and is reconciled to net income on our Consolidated Income Statement. EBIT is not a measure of performance calculated in accordance with accounting principles generally accepted in the United States and should not be considered as an alternative to net income as a measure of our operating results.

(5) Free Cash Flow represents net cash and cash equivalents provided by operating activities, less capital expenditures. Free Cash Flow is used as a measure of cash generated for acquisitions and financing activities. Free Cash Flow is not a measure of performance calculated in accordance with accounting principles generally accepted in the United States, and should not be considered as an alternative to cash flow as a measure of our liquidity.

(6) Market capitalization of shares outstanding at year end plus total debt.

(7) Fiscal 2003 reflected an additional 2,090,000 shares, fiscal 2002 and fiscal 2001 reflected an additional 2,190,000 shares, fiscal 2000 reflected an additional 2,297,000 shares and fiscal 1999 and fiscal 1998 reflected an additional 2,385,000 shares related to the convertible notes outstanding.

(8) As of September 1, 2003, we had 545 shareholders of record. Based on requests from brokers and other nominees, we estimate there were an additional 2,330 shareholders.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are a leading designer, manufacturer and marketer of highly engineered, application-critical equipment and systems for the pharmaceutical, energy and industrial markets worldwide. In our estimation our principal brand names – Pfaudler®, Moyno®, Chemineer®, Laetus®, FrymaKoruma®, Siebler®, Hapa® and Hercules® – hold the number one or two market share position in the niche markets they serve. We operate with three market focused business segments: Pharmaceutical, Energy and Industrial.

During the past five years, our strategy has been to increase our focus on high-growth markets, such as pharmaceutical and energy, and to broaden our international presence. In furtherance of this strategy, on August 31, 2001, we acquired Romaco, a European-based manufacturer of processing, dosing, filling, printing and security equipment for the pharmaceutical and healthcare industries. Our acquisition of Romaco, which had sales of approximately $142 million in our fiscal 2001, expands the breadth of our pharmaceutical capabilities and positions us as a leading supplier of primary and secondary processing equipment to the growing pharmaceutical market. With the addition of Romaco, our international sales increased to approximately 63% of fiscal 2003 sales from 45% of our fiscal 2001 sales.

The total purchase price of Romaco was $130.1 million. At closing in fiscal 2001, we paid consideration of $95.2 million as follows: $38.7 million in cash, $2.2 million in a five-year subordinated note, the assumption of net debt of $38.9 million and 600,000 of our common shares valued at $15.4 million. In the second quarter of fiscal 2002, we made an additional payment based on Romaco's sales and operating performance for calendar year 2001 of $32.1 million, half of which was in cash and half of which was in a five-year subordinated note. We also incurred acquisition costs of $2.8 million in fiscal 2002. We completed the Romaco acquisition as of the end of fiscal 2001. Therefore, the acquisition had no impact on our results of operations in fiscal 2001. Pro forma result references throughout this discussion give effect to the Romaco acquisition as if it were made at the beginning of fiscal 2001.

In our Industrial Segment, we will pursue strategic acquisitions if cost structure can be improved or market share protected. On November 15, 2002, we purchased the stock of Tarby, Inc ("Tarby") for $13.1 million. Tarby is a manufacturer and marketer of progressive cavity pumps and components for the general industrial and municipal wastewater markets. Included in our fiscal 2003 operating results are sales of $6.2 million and EBIT of $1.5 million from Tarby since the date of acquisition.

The following tables present components of our consolidated income statement and segment information.

Results of Operations

Consolidated	2003	2002	2001
Sales	**100.0%**	100.0%	100.0%
Cost of sales	**66.3**	67.0	67.0
Gross profit	**33.7**	33.0	33.0
SG&A expenses	**26.4**	24.8	20.6
Amortization	**0.4**	0.4	1.9
Other	**0.0**	0.0	0.3
EBIT	**6.9%**	7.8%	10.2%

By Segment	2003	2002	2001
(In thousands, except percents)			
Pharmaceutical:			
Sales	**$342,415**	$319,412	$171,403
EBIT	**21,401**	27,895	17,349
EBIT %	**6.3%**	8.7%	10.1%
Energy:			
Sales	**$ 95,487**	$ 91,381	$113,906
EBIT	**20,941**	18,773	26,078
EBIT %	**21.9%**	20.5%	22.9%
Industrial:			
Sales	**$122,873**	$115,580	$140,593
EBIT	**8,791**	5,279	8,445
EBIT %	**7.2%**	4.6%	6.0%
Total:			
Sales	**$560,775**	$526,373	$425,902
EBIT	**38,709**	40,947	43,236
EBIT %	**6.9%**	7.8%	10.2%

Fiscal Year Ended August 31, 2003 Compared with Fiscal Year Ended August 31, 2002

Sales for the fiscal year ended August 31, 2003 were $560.8 million, an increase of $34.4 million or 6.5% over the prior fiscal year. The impact of exchange rates, the translation of sales from non-U.S. operations into U.S. dollars, accounted for $39.1 million of sales.

The Pharmaceutical segment had sales of $342.4 million in fiscal 2003 compared with $319.4 million in the same period of fiscal 2002. The impact of exchange rates increased sales by $39.7 million resulting in a volume decrease of $16.7 million. The decline in sales volumes is in both our Romaco and Reactor Systems units and is due to weak market conditions in Europe.

The Energy segment had sales of $95.5 million in fiscal 2003 compared with $91.4 million in the same period of fiscal 2002, an increase of $4.1 million, or 4.5%. Most of this increase in sales has occurred in the last quarter of our fiscal year and is due to higher rig counts and increased sales in Venezuela.

The Industrial segment had sales of $122.9 million in fiscal 2003 compared with $115.6 million in fiscal 2002, an increase of $7.3 million, or 6.3%. Our acquisition of Tarby on November 15, 2002, accounted for $6.2 million of this increase. The remaining increase is a result of an improving industrial economic environment in North America in the latter part of our fiscal year.

EBIT in fiscal 2003 was $38.7 million compared with $40.9 million in fiscal 2002.

The Pharmaceutical segment had EBIT of $21.4 million in fiscal 2003 compared with $27.9 million in fiscal 2002, a decline of $6.5 million. Of this decrease, $5.5 million related to the aforementioned sales volume decrease of $16.7 million, excluding the impact of exchange rates, with the remainder of the decline due to lower pricing in Europe for glass-lined reactor vessels.

The Energy segment had EBIT of $20.9 million in fiscal 2003 compared with $18.8 million in fiscal 2002, an increase of $2.1 million, or 11.2%. Two thirds of this increased EBIT is a result of higher sales volumes, with the remaining increase coming from cost reduction programs implemented in fiscal 2002 that were fully realized in fiscal 2003.

The Industrial segment had EBIT of $8.8 million in fiscal 2003 compared with $5.3 million in fiscal 2002, an increase of $3.5 million. The Tarby acquisition accounted for $1.5 million of this increase. The remaining increase in EBIT is due to slightly higher sales volumes and cost saving measures undertaken in fiscal 2002 that were realized in fiscal 2003.

Interest expense decreased from $17.6 million in fiscal 2002 to $15.6 million in fiscal 2003. This was due to lower average debt levels resulting from cash flow generated in fiscal 2003 and our secondary stock offering in June of fiscal 2002 that raised net proceeds of $53.2 million. Our effective interest rate was 7.3% in fiscal 2003 and 7.0% in fiscal 2002.

Net income and net income per diluted share in fiscal 2003 were $14.4 million and $1.00 compared with $14.5 million and $1.15 in fiscal 2002. The lower net income is a result of the items mentioned above, and the relatively larger decline in net income per share is a result of having 1.8 million more average common shares outstanding as a result of the secondary stock offering in June of fiscal 2002.

Fiscal Year Ended August 31, 2002 Compared with Fiscal Year Ended August 31, 2001

Sales for fiscal 2002 were $526.4 million compared with $425.9 million in the same period of the prior year. On a pro forma basis, taking into account the Romaco acquisition, sales decreased $41.7 million, or 7.3%

The Pharmaceutical segment had sales of $319.4 million in fiscal 2002 compared with $171.4 million in the same period of fiscal 2001. On a pro forma basis, the Pharmaceutical segment sales increased $5.8 million, or 1.8%. Overall, this sales increase was due to the strengthening of the euro against the dollar. Romaco's sales increased by $27.4 million compared with their pro forma fiscal 2001 sales due to the strength of the pharmaceutical and healthcare markets. However, offsetting this was decreased Reactor Systems sales of $21.6 million. The decline in Reactor Systems sales was due to the impact of the weak specialty chemical market and slow industrial economy in the U.S.

The Energy segment had sales of $91.4 million in fiscal 2002 compared with $113.9 million in the same period of fiscal 2001, a decrease of $22.5 million, or 19.8%. Lower crude oil and natural gas prices caused a reduction in exploration and production activities in fiscal 2002 compared with fiscal 2001.

The Industrial segment had sales of $115.6 million in fiscal 2002 compared with $140.6 million in fiscal 2001, a decrease of $25.0 million, or 17.8%. This segment was also negatively impacted by the slow industrial economy in the U.S.

EBIT in fiscal 2002 was $40.9 million compared with $43.2 million in fiscal 2001. In the first quarter of fiscal 2002, we adopted Statement of Financial Accounting Standard ("SFAS") No. 142, "Goodwill and Other Intangible Assets," which required that goodwill no longer be amortized. The adoption of SFAS No. 142 resulted in a $5.4 million reduction in amortization in fiscal 2002. In addition, in the third quarter of fiscal 2001, we consolidated operations in England, Mexico and the Asia-Pacific region to strengthen our market presence and achieve more effective channels to market. We also discontinued certain product offerings in our Chemineer and Moyno businesses to improve our long-term competitive position through a more cost-effective product focus. We incurred a charge of $2.3 million, $1.3 million of which related to severance and other costs associated with the regional consolidations and the balance of which related to inventory write-downs from discontinued product offerings. There were additional costs in the third and fourth quarters of fiscal 2001 totalling $0.2 million that we expensed as incurred primarily for equipment relocation, marketing and employee training. As of August 31, 2001, we had paid all costs related to the global reorganization program without any changes in estimates.

The Pharmaceutical segment had EBIT of $27.9 million in fiscal 2002 compared with $17.3 million in fiscal 2001. On a pro forma basis, the Pharmaceutical segment EBIT in fiscal 2002 increased by $1.9 million over the prior year period. The increase in EBIT in 2002 is due to lower amortization of $1.5 million and global reorganization costs recorded in fiscal 2001 of $.2 million.

The Energy segment had EBIT of $18.8 million in fiscal 2002 compared with $26.1 million in fiscal 2001, a decrease of $7.3 million, or 28.0%. The decline in Energy segment sales reduced EBIT by $8.5 million. In addition, there were increased research and development costs and a change in sales mix from higher-margin exploration products to lower-margin wellhead products. Offsetting these items was lower amortization in fiscal 2002 of $1.8 million.

The Industrial segment had EBIT of $5.3 million in fiscal 2002 compared with $8.4 million in fiscal 2001, a reduction of $3.1 million, while sales decreased by $25.0 million. The Industrial segment had lower amortization in fiscal 2002 of $2.8 million, and global reorganization costs recorded in fiscal 2001 were $2.2 million. Therefore, the decrease in fiscal 2002 EBIT excluding these items was $8.1 million. The reduction was due to lower overall sales volumes and reduced selling prices resulting from the weak markets into which this segment sells. EBIT was also negatively impacted by the mix of products sold as the volume of high-margin industrial pump aftermarket products declined significantly.

Interest expense increased from $12.3 million in fiscal 2001 to $17.6 million in fiscal 2002. This was due to higher average debt levels resulting from the acquisition of Romaco. Our effective interest rate was 7.0% in fiscal 2002 and 6.9% in fiscal 2001.

Our effective tax rate was 33.5% in fiscal 2002 compared with 33.1% in fiscal 2001. Net deferred income tax assets of $2.6 million at August 31, 2002 primarily related to U.S. operations.

Net income and net income per diluted share in fiscal 2002 were $14.5 million and $1.15 compared with $19.6 million and $1.63 in fiscal 2001. The decrease was due to the weak market conditions and resulting lower sales volumes in the Energy and Industrial segments in fiscal 2002. Interest costs were also higher due to debt incurred for the Romaco acquisition; however, overall the Romaco acquisition was accretive.

Liquidity and Capital Resources

Operating Activities

In fiscal 2003, our cash flow from operations was $45.6 million compared with $44.5 million in fiscal 2002. The continued strong cash flow from operations was due to our actions to conserve cash in reaction to the weak economic environment. Because of these actions, working capital was reduced by $5.4 million in fiscal 2003, excluding the effects of changes in exchange rates.

We expect our fiscal 2004 operating cash flow to be adequate to fund the fiscal year 2004 operating needs, scheduled debt services, shareholder dividend requirements and planned capital expenditures of approximately $20.0 million. Our planned capital expenditures are related to additional production capacity, cost reductions and replacement items.

Investing Activities

Our capital expenditures were $7.9 million in fiscal 2003, down from $15.1 million in fiscal 2002. We also paid $13.1 million to purchase the stock of Tarby in fiscal 2003.

Financing Activities

On February 10, 2003, in a non-cash transaction we exchanged $40.0 million of existing 6.5% Convertible Subordinated Notes due 2003 for an equal amount of 8.0% Convertible Subordinated Notes due 2008. The 8.0% Convertible Subordinated Notes are convertible into our common shares at $22.50 per share. On April 16, 2003, we redeemed the remaining $19.7 million of 6.5% Convertible Subordinated Notes. The redemption price was 100% of the principal amount. We used proceeds from our revolving credit loan to pay for the redemption.

On October 7, 2003, we entered into an amended Credit Agreement. Under this agreement, which provides for borrowings on a revolving credit basis up to a maximum of $125.0 million, there was $12.6 million in outstanding indebtedness at October 7, 2003, and of the remaining capacity, $32.0 million was available for borrowing under the applicable financial covenants.

Qualitative and Quantitative Disclosures About Market Risk

We maintain operations in the U.S. and over 20 foreign countries. We have market risk exposure to foreign exchange rates in the normal course of our business operations. Our significant non-U.S. operations have their local currencies as their functional currency and primarily buy and sell using that same currency. We manage our exposure to net assets and cash flows in currencies other than U.S. dollars by minimizing our non-U.S. dollar net asset positions. We also enter into hedging transactions, primarily currency swaps, under established policies and guidelines that enable us to mitigate the potential adverse impact of foreign exchange rate risk. We do not engage in trading or other speculative activities with these transactions as established policies require that these hedging transactions relate to specific currency exposures.

Our main foreign exchange rate exposures relate to assets, liabilities and cash flows denominated in British pounds, euros and Canadian dollars and the general economic exposure that fluctuations in these currencies could have on the U.S. dollar value of future non-U.S. cash flows. To illustrate the potential impact of changes in foreign currency exchange rates on us for fiscal 2003, the net unhedged exposures in each currency were remeasured assuming a 10% decrease in foreign exchange rates compared with the U.S. dollar. Using this method, our EBIT and cash flow from operations for fiscal 2003 would have decreased by $2.1 million and $1.0 million, respectively. This calculation assumed that each exchange rate would change in the same direction relative to the U.S. dollar. In addition to the direct effects of changes in exchange rates, these changes may also affect the volume of sales or the foreign currency sales prices as competitors' products become more or less attractive. Our sensitivity analysis of the effects of changes in foreign currency exchange rates does not include any effects of potential changes in sales levels or local currency prices.

We also have market risk exposure to interest rates. At August 31, 2003, we had $193.6 million in interest-bearing debt obligations subject to market risk exposure due to changes in interest rates. To manage our exposure to changes in interest rates, we attempt to maintain a balance between fixed and variable rate debt. We expect this balance in the debt profile to moderate our financing cost over time. We are limited in our ability to refinance our fixed rate debt. However, we have the ability to change the characteristics of our fixed rate debt to variable rate debt through interest rate swaps to achieve our objective of balance. At August 31, 2003, we had entered into an interest rate swap agreement that effectively modifies a portion of our fixed rate debt to floating rate debt. This agreement involves the receipt of fixed rate amounts in exchange for floating rate interest payments over the life of the agreement without an exchange of underlying principal amounts. The mark-to-market values of both the fair value hedging instrument and the underlying debt obligation were equal and recorded as offsetting gains and losses in current period earnings. The fair value hedge qualifies for treatment under the short-cut method of measuring effectiveness. As a result, there was no impact on earnings due to hedge ineffectiveness. The interest rate swap agreement totals $30.0 million, expires in 2008 and allows us to receive an effective interest rate of 6.76% and pay an interest rate based on LIBOR.

At August 31, 2003, $141.6 million of our outstanding debt was at fixed rates with a weighted average interest rate of 7.5% and $52.0 million was at variable rates with a weighted average interest rate of 4.7%. The estimated fair value of our debt at August 31, 2003 was approximately $191.6 million. The following table presents the aggregate maturities and related weighted average interest rates of our debt obligations at August 31, 2003 by maturity dates:

Maturity Date	U.S. Dollar Fixed Rate		U.S. Dollar Variable Rate		Non U.S. Dollar Fixed Rate		Non U.S. Dollar Variable Rate	
(In thousands, except percents)	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate
2004	$ 0	0.00%	$ 700	4.00%	$ 4,086	4.87%	$ 2,533	5.48%
2005	125	6.00	3,900	4.62	1,439	4.36	7,628	4.94
2006	0	0.00	700	4.00	23,565	9.77	3,628	3.99
2007	0	0.00	0	0.00	846	3.77	1,099	2.55
2008	80,000	7.38	30,000	4.92	825	9.79	1,099	2.55
Thereafter	30,000	6.84	0	0.00	740	2.83	690	2.55
Total	$110,125	7.23%	$35,300	4.85%	$31,501	8.41%	$16,677	4.40%
Fair value	$108,125		$35,300		$31,501		$16,677	

Following is information regarding our long-term contractual obligations and other commitments outstanding as of August 31, 2003:

(In thousands)	Payments Due by Period				
Long-term contractual obligations	Total	One year or less	Two to three years	Four to five years	After five years
Debt obligations	$193,603	$ 7,319	$40,985	$113,869	$31,430
Capital lease obligations	0	0	0	0	0
Operating leases [(1)]	18,665	4,763	6,948	4,535	2,419
Unconditional purchase obligations	0	0	0	0	0
Total contractual cash obligations	$212,268	$12,082	$47,933	$118,404	$33,849

(1) Operating leases consist primarily of building and equipment leases.

(In thousands)	Amount of Commitment Expiration Per Period				
Other commercial commitments	Total	One year or less	Two to three years	Four to five years	After five years
Lines of credit	$ 0	$ 0	$ 0	$ 0	$0
Standby letters of credit	22,187	22,187	0	0	0
Guarantees	0	0	0	0	0
Standby repurchase obligations	0	0	0	0	0
Other commercial commitments	1,660	675	925	60	0
Total commercial commitments	$23,847	$22,862	$925	$60	$0

Critical Accounting Policies and Estimates

This "Management's Discussion and Analysis" is based on our consolidated financial statements and the related notes. The more critical accounting policies used in the preparation of our consolidated financial statements are discussed below.

Revenue Recognition
We recognize revenue at the time of title passage to our customer. We recognize revenue for certain longer-term contracts based on the percentage of completion method. The percentage of completion method requires estimates of total expected contract revenue and costs. We follow this method since we can make reasonably dependable estimates of the revenue and cost applicable to various stages of the contract. Revisions in profit estimates are reflected in the period in which the facts that gave rise to the revision become known.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the related notes. Significant estimates made by us include the allowance for doubtful accounts, inventory valuation, deferred tax asset valuation allowance, warranty accruals, litigation, product liability, environmental accruals and retirement benefit obligations.

Our estimate for uncollectible accounts receivable is based upon an analysis of our prior collection experience, specific customer creditworthiness and current economic trends within the industries we serve. In circumstances where we are aware of a specific customer's inability to meet its financial obligation to us (e.g., bankruptcy filings or substantial downgrading of credit ratings), we record a specific reserve to reduce the receivable to the amount we reasonably believe will be collected. For all other customers, we recognize reserves for bad debts based on the length of time that the receivables are past due. Inventory valuation reserves are determined based on our assessment of the market conditions for our products. We have recorded valuation allowances to reflect the estimated amount of deferred tax assets that may not be realized based upon our analysis of estimated future taxable income and establishment of tax strategies. Future taxable income, the results of tax strategies and changes in tax laws could impact these estimates.

Warranty obligations are contingent upon product failure rates, material required for the repairs and service delivery costs. We estimate the warranty accrual based on specific product failures that are known to us plus an additional amount based on the historical relationship of warranty claims to sales. We record litigation, product liability and environmental reserves based upon a case-by-case analysis of the facts, circumstances and estimated costs. Retirement benefit obligations are affected by a number of estimates made by us in consultation with independent actuaries, including, the discount rate, long-term rate of return on plan assets and assumed increases for wage rate and health care costs.

These estimates form the basis for making judgments about the carrying value of our assets and liabilities and are based on the best available information at the time we prepare our financial statements. These estimates are subject to change as conditions within and beyond our control change, including but not limited to economic conditions, the availability of additional information and actual experience rates different from those used in our estimates. Accordingly, actual results may differ from these estimates.

Goodwill
As of September 1, 2001, we adopted two new accounting standards issued by the Financial Accounting Standards Board ("FASB"). SFAS No. 141, "Business Combinations," eliminated the pooling method of accounting for all business combinations initiated after June 30, 2001, and addressed the initial recognition and measurement of goodwill and intangible assets acquired in a business combination. Accordingly, we applied the provisions of SFAS No. 141 to all business combinations initiated after June 30, 2001. We also adopted SFAS No. 142, "Goodwill and Other Intangible Assets," effective September 1, 2001. Goodwill amortization ceased upon adoption of the standard, and the required impairment tests were performed. Results of these impairment tests have not generated any impairment loss to date.

Goodwill is tested on an annual basis, or more frequently as impairment indicators arise. Impairment tests, which involve the use of estimates related to the fair market values of the business operations with which goodwill is associated, are performed at the end of our first quarter. Losses, if any, resulting from impairment tests will be reflected in operating income in our income statement.

Foreign Currency Accounting
Gains and losses resulting from the settlement of a transaction in a currency different from that used to record the transaction are charged or credited to net income when incurred. Adjustments resulting from the translation of non-U.S. financial statements into U.S. dollars are recognized in accumulated other comprehensive income or loss for all non-U.S. units.

We use permanently invested intercompany loans as a source of capital to reduce the exposure to foreign currency fluctuations in our foreign subsidiaries. These loans are treated as analogous to equity for accounting purposes. Therefore, we record foreign exchange gains or losses on these intercompany loans in accumulated other comprehensive income or loss.

New Accounting Pronouncements
In November 2002, the FASB issued Financial Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." This Interpretation elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The recognition and measurement provisions of this interpretation were applied to guarantees issued or modified after December 31, 2002. Effective December 1, 2002, we adopted Financial Interpretation No. 45 and it did not have a material effect on our financial statements.

In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148 (SFAS 148), "Accounting for Stock-Based Compensation – Transition and Disclosure." This Statement amends FASB Statement No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosures in both annual and interim financial statements regarding the method of accounting for stock-based employee compensation and the effect of the method used on reported results. We continue to apply Accounting Principles Board Opinion No. 25 for the method used to account for stock-based employee compensation arrangements, where applicable, but have adopted the new disclosure requirements of SFAS 148 (see Note 11).

In January 2003, the FASB issued Financial Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51." The Interpretation requires the consolidation of entities in which an enterprise absorbs a majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both, as a result of ownership, contractual or other financial interest in the entity. Currently, entities are generally consolidated by an enterprise when it has a controlling financial interest through ownership of a majority voting interest in the entity. The adoption of Financial Interpretation No. 46 had no effect on our financial statements.

Forward-looking Statements

This Annual Report contains "Forward-looking Statements." All statements which address operating performance, events or developments that we expect or anticipate will occur in the future, including statements related to growth, operating margin performance, net income per share or future operating results are forward-looking statements.

These forward-looking statements and performance trends are subject to certain risks and uncertainties that could cause actual results to differ materially from these statements and trends. Such factors include, but are not limited to, a significant decline in capital expenditure levels in our served markets, a major decline in oil and gas prices, foreign exchange rate fluctuations, continued availability of acceptable acquisition candidates and general economic conditions that can affect the demand in the process industries. Forward-looking statements are made based on known events and circumstances at the time. We undertake no obligation to update or publicly revise these forward-looking statements to reflect events or circumstances that arise after the date of this report.

REPORT OF MANAGEMENT

The management of Robbins & Myers, Inc. has the responsibility for preparing the accompanying financial statements and for their integrity and objectivity. Management believes that the financial statements have been prepared in conformity with accounting principles generally accepted in the United States, appropriate in the circumstances, and that other information in this annual report is consistent with these financial statements. In preparing the financial statements, management makes informed judgements and estimates where necessary to reflect the expected effects of events and transactions that have not been resolved.

In fulfilling this responsibility, management maintains accounting systems and related controls. These controls provide reasonable assurance, at appropriate costs, that assets are safeguarded against losses and that financial records are reliable for use in preparing financial statements. These systems are enhanced by written policies, an organization structure providing division of responsibilities, careful selection and training of qualified people and a program of financial, operational, and systems review coordinated by management.

Our financial statements have been audited by Ernst & Young LLP, independent auditors. Management has made available to Ernst & Young LLP all of our financial records and related data, as well as the minutes of shareholders' and directors' meetings. Furthermore, management believes that all representations made to Ernst & Young LLP during their audit were valid and appropriate.

The Audit Committee of the Board of Directors, composed solely of outside directors, meets with the independent auditors and management periodically to review their work and ensure that they are properly discharging their responsibilities. The independent auditors have free access to this committee, without management present, to discuss the results of their audit work and their opinion on the adequacy of internal financial controls and the quality of financial reporting.

Gerald L. Connelly
President and Chief Executive Officer

Kevin J. Brown
Vice President and Chief Financial Officer

REPORT OF INDEPENDENT AUDITORS

SHAREHOLDERS AND BOARD OF DIRECTORS
ROBBINS & MYERS, INC. AND SUBSIDIARIES

We have audited the accompanying consolidated balance sheets of Robbins & Myers, Inc. and Subsidiaries as of August 31, 2003 and 2002, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended August 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Robbins & Myers, Inc. and Subsidiaries at August 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for each of the three years in the period ended August 31, 2003, in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

Dayton, Ohio
October 7, 2003

CONSOLIDATED BALANCE SHEET

(In thousands, except share data)	August 31, 2003	2002
ASSETS		
Current Assets:		
Cash and cash equivalents	**$ 12,347**	$ 10,534
Accounts receivable	**117,896**	113,711
Inventories	**96,196**	92,446
Other current assets	**10,480**	12,318
Deferred taxes	**7,469**	11,304
Total Current Assets	**244,388**	240,313
Goodwill	**294,904**	271,948
Other Intangible Assets	**15,844**	17,604
Other Assets	**7,357**	6,201
Property, Plant and Equipment	**141,963**	143,859
	$704,456	$679,925
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	**$ 49,588**	$ 41,964
Accrued expenses	**85,158**	81,104
Current portion of long-term debt	**7,319**	4,526
Total Current Liabilities	**142,065**	127,594
Long-Term Debt - Less Current Portion	**186,284**	203,920
Deferred Taxes	**7,860**	8,708
Other Long-Term Liabilities	**72,622**	70,863
Minority Interest	**8,619**	8,347
Shareholders' Equity:		
Common stock-without par value:		
Authorized shares-40,000,000		
Issued shares-14,425,682 in 2003 (14,334,927 in 2002)	**104,984**	103,952
Treasury shares-308 in 2003 (1,429 in 2002)	**(10)**	(29)
Retained earnings	**187,845**	176,627
Accumulated other comprehensive (loss):		
Foreign currency translation	**5,175**	(9,401)
Minimum pension liability	**(10,988)**	(10,656)
Total	**(5,813)**	(20,057)
	287,006	260,493
	$704,456	$679,925

See Notes to Consolidated Financial Statements

CONSOLIDATED SHAREHOLDERS' EQUITY STATEMENT

(In thousands, except share and per share data)	Common Shares	Treasury Shares	Retained Earnings	Accumulated Other Comprehensive (Loss)	Total
Balance at September 1, 2000	$ 33,586	$(5,792)	$147,664	$(8,276)	$167,182
Net income			19,631		19,631
Change in foreign currency translation				(2,757)	(2,757)
Change in minimum pension liability				(2,262)	(2,262)
Comprehensive income					14,612
Cash dividends declared, $0.22 per share			(2,431)		(2,431)
Stock options exercised, 130,266 shares	(1,473)	2,788			1,315
Proceeds from share sales, 38,958 shares	121	854			975
Stock issued for acquisition, 600,000 shares	15,354				15,354
Performance stock award expense	126				126
Tax benefit of stock options exercised	769				769
Balance at August 31, 2001	48,483	(2,150)	164,864	(13,295)	197,902
Net income			14,503		14,503
Change in foreign currency translation				1,501	1,501
Change in minimum pension liability				(8,263)	(8,263)
Comprehensive income					7,741
Cash dividends declared, $0.22 per share			(2,740)		(2,740)
Stock options exercised, 167,500 shares	604	1,921			2,525
Proceeds from share sales, 2,440,323 shares	54,267	200			54,467
Performance stock award expense	(126)				(126)
Tax benefit of stock options exercised	724				724
Balance at August 31, 2002	103,952	(29)	176,627	(20,057)	260,493
Net income			**14,368**		**14,368**
Change in foreign currency translation				**14,576**	**14,576**
Change in minimum pension liability				**(332)**	**(332)**
Comprehensive income					**28,612**
Cash dividends declared, $0.22 per share			**(3,150)**		**(3,150)**
Stock options exercised, 36,000 shares	**357**				**357**
Proceeds from share sales, 55,876 shares	**519**	**19**			**538**
Tax benefit of stock options exercised	**156**				**156**
Balance at August 31, 2003	**$104,984**	**$ (10)**	**$187,845**	**$(5,813)**	**$287,006**

See Notes to Consolidated Financial Statements

CONSOLIDATED INCOME STATEMENT

(In thousands, except per share data)	Years ended August 31, 2003	2002	2001
Sales	**$560,775**	$526,373	$425,902
Cost of sales	**371,959**	352,609	285,168
Gross profit	**188,816**	173,764	140,734
Selling, general and administrative expenses	**147,918**	130,802	87,844
Amortization	**2,189**	2,015	8,187
Other	**0**	0	1,467
Income before interest and income taxes	**38,709**	40,947	43,236
Interest expense	**15,628**	17,565	12,312
Income before income taxes and minority interest	**23,081**	23,382	30,924
Income tax expense	**7,729**	7,831	10,229
Minority interest	**984**	1,048	1,064
Net income	**$ 14,368**	$ 14,503	$ 19,631
Net income per share:			
Basic	**$ 1.00**	$ 1.17	$ 1.78
Diluted	**$ 1.00**	$ 1.15	$ 1.63

See Notes to Consolidated Financial Statements

CONSOLIDATED CASH FLOW STATEMENT

	Years ended August 31,		
(In thousands)	2003	2002	2001
Operating Activities			
Net income	$ 14,368	$ 14,503	$ 19,631
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:			
Depreciation	20,093	20,028	16,161
Amortization	2,189	2,015	8,187
Deferred taxes	3,619	9,369	3,306
Asset impairment charges	0	0	1,000
Performance stock awards	0	(126)	126
Changes in operating assets and liabilities – excluding the effects of acquisitions:			
Accounts receivable	3,392	(3,107)	(2,390)
Inventories	2,807	22,269	(6,408)
Other current assets	2,761	1,398	(220)
Other assets	(4,050)	(455)	(207)
Accounts payable	4,815	(2,897)	(3,143)
Accrued expenses and other liabilities	(4,358)	(18,457)	(5,059)
Net cash and cash equivalents provided by operating activities	45,636	44,540	30,984
Investing Activities			
Capital expenditures, net of nominal disposals	(7,869)	(15,112)	(20,200)
Purchase of Tarby	(13,146)	0	0
Proceeds from sale-leaseback arrangements	0	4,905	0
Amended credit agreement fees	0	(1,911)	0
Purchase of Romaco, net of cash acquired	0	(18,823)	(38,703)
Purchase of Rodec and ABI	0	0	(6,008)
Purchase of Chemineer de Mexico	0	0	(523)
Net cash and cash equivalents used by investing activities	(21,015)	(30,941)	(65,434)
Financing Activities			
Proceeds from debt borrowings	72,485	29,836	69,828
Payments of long-term debt	(93,038)	(103,275)	(30,359)
Proceeds from sale of common stock	895	56,992	2,290
Dividends paid	(3,150)	(2,740)	(2,431)
Net cash and cash equivalents (used) provided by financing activities	(22,808)	(19,187)	39,328
Increase (decrease) in cash and cash equivalents	1,813	(5,588)	4,878
Cash and cash equivalents at beginning of year	10,534	16,122	11,244
Cash and cash equivalents at end of year	$ 12,347	$ 10,534	$ 16,122

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

Consolidation

The consolidated financial statements include the accounts of Robbins & Myers, Inc. (“we,” “our”) and its subsidiaries. All significant intercompany accounts and transactions have been eliminated upon consolidation. All of our operations are conducted in producing and selling original and used equipment and aftermarket parts in the pharmaceutical and healthcare, general industrial and oil and gas exploration and recovery industries.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable relate primarily to customers located in North America and Western Europe and are concentrated in the pharmaceutical, specialty chemical and oil and gas markets. To reduce credit risk, we perform credit investigations prior to accepting an order and, when necessary, require letters of credit to insure payment.

Our estimate for uncollectible accounts receivable is based upon an analysis of our prior collection experience, specific customer creditworthiness and current economic trends within the industries we serve. In circumstances where we are aware of a specific customer’s inability to meet its financial obligation to us (e.g., bankruptcy filings or substantial downgrading of credit ratings), we record a specific reserve to reduce the receivable to the amount we reasonably believe will be collected. For all other customers, we recognize reserves for bad debts based on the length of time that the receivables are past due.

Inventories

Inventories are stated at the lower of cost or market determined by the last-in, first-out (“LIFO”) method in the U.S. and the first-in, first-out (“FIFO”) method outside the U.S. Inventory valuation reserves are determined based on our assessment of the market conditions for our products.

Goodwill and Other Intangible Assets

Goodwill is the excess of the purchase price paid over the value of net assets of businesses acquired. Goodwill is not amortized, but is tested for impairment on an annual basis, or more frequently as impairment indicators arise. Impairment tests, which involve the use of estimates related to the fair market values of the business operations with which goodwill is associated, are performed at the end of our first quarter. Losses, if any, resulting from impairment tests will be reflected in operating income in our income statement.

Amortization of other intangible assets is calculated on the straight-line basis using the following lives:

Patents and trademarks	14 to 17 years
Non-compete agreements	3 to 5 years
Financing costs	5 years

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation expense is recorded over the estimated useful life of the asset on the straight-line method using the following lives:

Land improvements	20 years
Buildings	45 years
Machinery and equipment	3 to 15 years

Our normal policy is to expense repairs and improvements made to capital assets as incurred. In limited circumstances, betterments are capitalized and amortized over the estimated life of the new asset and any remaining value of the old asset is written off. Repairs to machinery and equipment must result in an addition to the useful life of the asset before the costs are capitalized.

Foreign Currency Accounting

Gains and losses resulting from the settlement of a transaction in a currency different from that used to record the transaction are charged or credited to net income when incurred. Adjustments resulting from the translation of non-U.S. financial statements into U.S. dollars are recognized in accumulated other comprehensive income or loss for all non-U.S. units.

Product Warranties

Warranty obligations are contingent upon product failure rates, material required for the repairs and service delivery costs. We estimate the warranty accrual based on specific product failures that are known to us plus an additional amount based on the historical relationship of warranty claims to sales.

Changes in our product warranty liability during the year are as follows:

(In thousands)	2003	2002
Balance at beginning of the fiscal year	**$9,405**	$10,176
Warranties issued	**1,677**	2,219
Settlements made	**(1,772)**	(2,729)
Changes in liability for pre-existing warranties, including expirations	**0**	(261)
Balance at end of the fiscal year	**$9,310**	$ 9,405

Income Statement

Research and development costs are expensed as incurred. Research and development costs in fiscal 2003, 2002 and 2001 were $6,426,000, $6,214,000 and $2,183,000, respectively. Shipping and handling costs are included in cost of sales.

Revenue Recognition

We recognize revenue at the time of title passage to our customer. We recognize revenue for certain longer-term contracts based on the percentage of completion method. The percentage of completion method requires estimates of total expected contract revenue and costs. We follow this method since we can make reasonably dependable estimates of the revenue and cost applicable to various stages of the contract. Revisions in profit estimates are reflected in the period in which the facts that gave rise to the revision become known.

Income Taxes

Income taxes are provided for all items included in the Consolidated Income Statement regardless of the period when such items are reported for income tax purposes. Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. We have recorded valuation allowances to reflect the estimated amount of deferred tax assets that may not be realized based upon our analysis of estimated future taxable income and establishment of tax strategies. Future taxable income, the results of tax strategies and changes in tax laws could impact these estimates.

Our policy is to provide U.S. income taxes on non-U.S. income when remitted to the U.S. We do not provide U.S. income taxes on the remaining undistributed non-U.S. income, which aggregated $45,300,000 at August 31, 2003, as it is our intention to maintain our investments in these operations.

Consolidated Cash Flow Statement

Cash and cash equivalents consist of cash balances and temporary investments having an original maturity of 90 days or less.

Fair Value of Financial Instruments

The following methods and assumptions were used by us in estimating the fair value of financial instruments:

Cash and cash equivalents - The amounts reported approximate market value.

Long-term debt – The market value of our debt is $191,603,000 at August 31, 2003 and $205,464,000 at August 31, 2002. These amounts are based on the terms, interest rates and maturities currently available to us for similar debt instruments.

Foreign exchange contracts - The amounts reported are estimated using quoted market prices for similar instruments.

Common Stock Plans

Common stock plans involving the issuance of stock options are accounted for using the intrinsic method in accordance with APB Opinion No. 25 ("APB No. 25") "Accounting for Stock Issued to Employees and Related Interpretations." Common stock plans involving the issuance of a variable number of shares based on performance are accounted for as compensatory plans.

Derivatives and Hedging Activities

We account for derivative instruments in accordance with Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivatives and Hedging Activities," as amended. This standard requires the recognition of all derivatives on the balance sheet at fair value and recognition of the resulting gains or losses as adjustments to earnings or other comprehensive income. We formally document all relationships between hedging instruments and hedged items, as well as our risk management objective and strategy for undertaking various hedge transactions. Our hedging activities are transacted only with a highly-rated institution, reducing the exposure to credit risk in the event of nonperformance. We use derivatives for fair value hedging purposes. For derivative instruments that hedge the exposure to changes in the fair value of certain fixed rate debt, designated as fair value hedges, the effective portion of the net gain or loss on the derivative instrument, as well as the offsetting gain or loss on the fixed rate debt attributable to the hedged risk, are recorded in current period earnings. We use swap agreements to convert a portion of fixed rate debt to a floating rate basis, thus hedging for changes in the fair value of the fixed rate debt being hedged. We have determined that this interest rate swap, designated as a fair value hedge, qualifies for treatment under the short-cut method of measuring effectiveness. Under the provisions of SFAS No. 133, this hedge is determined to be perfectly effective and there is no requirement to periodically evaluate effectiveness.

Reclassifications

Certain prior year amounts are reclassified to conform with the current year presentation.

NOTE 2 – BUSINESS ACQUISITIONS

On November 15, 2002, we purchased the stock of Tarby, Inc. ("Tarby") for $13,146,000. Tarby is a manufacturer and marketer of progressing cavity pumps and components for the general industrial and municipal wastewater markets with annual sales of approximately $6,000,000.

On December 12, 2000, we acquired certain assets of Campbell Industries Ltd. (DBA Rodec Tubing Rotors) ("Rodec") for $2,802,000. Rodec is a Canadian company that designs, manufactures, and markets oil and gas production equipment including artificial lift accessories and down-hole tools with annual sales of $3,000,000.

On June 12, 2001, we acquired certain assets of Alberta Basic Industries ("ABI") for $3,206,000. ABI is also a Canadian manufacturer of down-hole tools for oil and gas production equipment with annual sales of approximately $3,000,000.

On August 31, 2001, we purchased the stock of Romaco N.V. and subsidiaries, a Netherland Antilles corporation ("Romaco"). Romaco is a leading supplier of processing and packaging equipment for the pharmaceutical, healthcare and cosmetics industries with pro forma fiscal year 2001 sales of $142,217,000. The total purchase price of Romaco was $130,111,000. At closing in fiscal 2001, we paid consideration of $95,238,000 as follows: $38,703,000 in cash, $2,235,000 in a five-year subordinated note, the assumption of net debt of $38,946,000 and 600,000 of our common shares valued at $15,354,000. In fiscal 2002, we made an additional payment of $32,100,000 based on Romaco's sales and operating performance for calendar year 2001, half of which was in cash and half of which was in a five-year subordinated note, and we incurred acquisition costs of $2,773,000. We completed the Romaco acquisition at the end of fiscal 2001, therefore, the acquisition had no impact on our results of operations in fiscal 2001.

The following table summarizes the fair values of the assets acquired and liabilities assumed of Romaco at the date of acquisition.

(In thousands)	August 31, 2001
Current assets	$82,212
Property, plant and equipment	29,772
Goodwill	75,835
Other assets	1,246
Total assets acquired	189,065
Current liabilities	68,488
Long-term debt	24,089
Other liabilities	3,342
Total liabilities assumed	95,919
Net assets acquired	$93,146

Since the Romaco acquisition occurred on August 31, 2001, the results of their operations were not included in our fiscal 2001 Consolidated Income Statement. Following are our unaudited pro forma consolidated results of operations assuming the acquisition of Romaco had occurred at the beginning of fiscal 2001. In preparing the pro forma data, adjustments were made to the historical financial information. These were primarily interest costs related to financing the transaction, adjustments to the corporate costs and income taxes. There was no amortization of the Romaco goodwill included in the pro forma amounts.

(In thousands, except per share data)	2001
Sales	$568,119
Net income	22,693
Basic net income per share	1.95
Diluted net income per share	1.78

On June 30, 1999, we purchased 51% of Chemineer de Mexico, S.A. de C.V. ("Chemineer de Mexico"), a Mexican corporation and its licensee in Mexico for $1,600,000. On December 31, 1999, we purchased an additional 16.3% of Chemineer de Mexico for $261,000. The remaining 32.7% of Chemineer de Mexico was purchased in April 2001 for $523,000.

NOTE 3 - NEW ACCOUNTING PRONOUNCEMENT

In November 2002, the Financial Accounting Standards Board ("FASB") issued Financial Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." This Interpretation elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The recognition and measurement provisions of this interpretation were applied to guarantees issued or modified after December 31, 2002. Effective December 1, 2002, we adopted Financial Interpretation No. 45 and it did not have a material effect on our financial statements.

In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148 (SFAS 148), "Accounting for Stock-Based Compensation – Transition and Disclosure." This Statement amends FASB Statement No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosures in both annual and interim financial statements regarding the method of accounting for stock-based employee compensation and the effect of the method used on reported results. We continue to apply APB No. 25 for the method used to account for stock-based employee compensation arrangements, where applicable, but have adopted the new disclosure requirements of SFAS 148 (see Note 11).

In January 2003, the FASB issued Financial Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51." The Interpretation requires the consolidation of entities in which an enterprise absorbs a majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both, as a result of ownership, contractual or other financial interest in the entity. Currently, entities are generally consolidated by an enterprise when it has a controlling financial interest through ownership of a majority voting interest in the entity. The adoption of Financial Interpretation No. 46 had no effect on our financial statements.

As of September 1, 2001, we adopted SFAS No. 142, "Goodwill and Other Intangible Assets," which addresses the financial accounting and reporting standards for the acquisition of intangible assets outside of a business combination and for goodwill and other intangible assets subsequent to their acquisition. This accounting standard required that goodwill be separately disclosed from other intangible assets in the consolidated balance sheet, and no longer be amortized, but tested for impairment on a periodic basis. As required by SFAS No. 142, the annual impairment test was performed at the end of our first quarter, and a review was performed at year end with no indicators of impairment identified. In accordance with SFAS No. 142, we discontinued the amortization of goodwill effective September 1, 2001. A reconciliation of previously reported net income and net income per share to the amounts adjusted for the exclusion of goodwill amortization, net of the related income tax effect follows:

(In thousands, except per share data)	2001
Reported net income	$19,631
Goodwill amortization, net of tax	3,404
Adjusted net income	$23,035
Basic net income per common share:	
Reported net income	$ 1.78
Goodwill amortization, net of tax	0.31
Adjusted net income	$ 2.09
Diluted net income per common share:	
Reported net income	$ 1.63
Goodwill amortization, net of tax	0.25
Adjusted net income	$ 1.88

NOTE 4 - BALANCE SHEET INFORMATION

Accounts receivable

(In thousands)	2003	2002
Allowances for doubtful accounts	$ 3,278	$ 2,717

Inventories

(In thousands)	2003	2002
FIFO:		
Finished products	$ 36,291	$ 30,928
Work in process	24,716	23,981
Raw materials	41,297	43,682
	102,304	98,591
LIFO reserve, U. S. inventories	(6,108)	(6,145)
	$ 96,196	$ 92,446
Non-U.S. inventories at FIFO	$ 64,000	$ 63,085

Property, plant and equipment

(In thousands)	2003	2002
Land and improvements	$ 16,289	$ 14,153
Buildings	82,576	75,492
Machinery and equipment	171,677	172,281
	270,542	261,926
Less accumulated depreciation	128,579	118,067
	$141,963	$143,859

Accrued expenses

(In thousands)	2003	2002
Salaries, wages and payroll taxes	$19,691	$13,266
Customer advances	15,385	19,831
Pension benefits	5,581	5,216
U.S. other postretirement benefits	2,000	2,000
Warranty costs	9,310	9,405
Accrued interest	4,000	4,068
Income taxes	3,560	2,647
Commissions	2,915	3,131
Other	22,716	21,540
	$85,158	$81,104

Other long-term liabilities

(In thousands)	2003	2002
German pension liability	$31,492	$28,555
U.S. other postretirement benefits	12,192	12,414
U.S. pension liability	15,045	15,139
Italian long-term tax liability	0	1,269
Other	13,893	13,486
	$72,622	$70,863

NOTE 5 – INCOME STATEMENT INFORMATION

Other

(In thousands)	2003	2002	2001
Plant closure costs	$0	$0	$ (25)
Global reorganization costs	0	0	1,492
	$0	$0	$1,467

In the third quarter of fiscal 2001, we consolidated operations in England, Mexico and the Asia-Pacific region in order to strengthen our market presence and achieve more effective channels to market. In addition, we discontinued selective product offerings in the Chemineer and Moyno businesses in order to improve long-term competitive positioning through a more cost-effective product focus. We incurred a charge of $2,300,000 with approximately $1,300,000 related to severance and other costs associated with the regional consolidations, and the balance related to inventory write-down from discontinued product offerings. There were additional costs in the third and fourth quarter of fiscal 2001 of $192,000 that were expensed as incurred primarily for equipment relocation, marketing and employee training. All costs related to the global reorganization program were paid as of August 31, 2001, with no changes in estimates made.

Minimum lease payments

Future minimum payments, by year and in the aggregate, under non-cancellable operating leases with initial or remaining terms of one year or more consisted of the following at August 31, 2003:

(In thousands)	
2004	$ 4,763
2005	3,892
2006	3,056
2007	2,516
2008	2,019
Thereafter	2,419
	$18,665

Rental expense for all operating leases in 2003, 2002 and 2001 was approximately $5,704,000, $4,740,000 and $2,925,000, respectively.

NOTE 6 - CASH FLOW STATEMENT INFORMATION

In fiscal 2003, we recorded the following non-cash investing and financing transactions: exchange of $40,000,000 of existing 6.50% convertible subordinated notes for $40,000,000 of 8.00% convertible subordinated notes; $632,000 increase in deferred tax assets, $1,723,000 increase in long-term liabilities, $759,000 increase in pension intangible asset and $332,000 increase in the minimum pension liability related to our pension plans; and $156,000 increase in common stock and decrease in income tax payable related to the tax benefits of stock options exercised.

In fiscal 2002, we recorded the following non-cash investing and financing transactions: $16,050,000 of debt issued in connection with the acquisition of Romaco; $3,724,000 increase in deferred tax assets, $11,987,000 increase in long-term liabilities and $8,263,000 increase in the minimum pension liability related to our pension plans; and $724,000 increase in common stock and decrease in income tax payable related to the tax benefits of stock options exercised.

In fiscal 2001, we recorded the following non-cash investing and financing transactions: $15,354,000 of stock issued and $41,181,000 of debt assumed in connection with the acquisition of Romaco and $769,000 increase in common stock and decrease in income tax payable related to the tax benefits of stock options exercised.

(In thousands)	2003	2002	2001
Interest paid	$15,696	$17,789	$12,428
Taxes paid – net of refunds	3,829	1,670	15,733

NOTE 7—GOODWILL AND OTHER INTANGIBLE ASSETS

Changes in the carrying amount of goodwill, by operating segment, are as follows:

(In thousands)	Pharmaceutical Segment	Energy Segment	Industrial Segment	Total
Balance as of September 1, 2001	$110,159	$68,026	$42,463	$220,648
Goodwill acquired during the period	34,873	0	0	34,873
Non-cash opening balance sheet adjustments	7,980	0	0	7,980
Translation adjustments and other	8,126	72	249	8,447
Balance as of August 31, 2002	161,138	68,098	42,712	271,948
Goodwill acquired during the period	0	0	9,052	9,052
Translation adjustments and other	12,155	1,430	319	13,904
Balance as of August 31, 2003	$173,293	$69,528	$52,083	$294,904

Information regarding our other intangible assets is as follows:

	2003			2002		
(In thousands)	Carrying Amount	Accumulated Amortization	Net	Carrying Amount	Accumulated Amortization	Net
Patents and trademarks	**$10,927**	**$ 5,124**	**$ 5,803**	$10,052	$ 4,236	$ 5,816
Non-compete agreements	**10,790**	**8,274**	**2,516**	10,750	7,803	2,947
Financing costs	**7,453**	**4,376**	**3,077**	6,936	3,353	3,583
Pension intangible	**3,805**	**0**	**3,805**	4,564	0	4,564
Other	**5,234**	**4,591**	**643**	3,592	2,898	694
Total	**$38,209**	**$22,365**	**$15,844**	$35,894	$18,290	$17,604

We estimate that amortization expense will be approximately $2,000,000 for each of the next five years.

NOTE 8 - LONG-TERM DEBT

(In thousands)	2003	2002
Senior debt:		
Revolving credit loan	**$ 12,617**	$ 10,444
Senior notes	**100,000**	100,000
Other	**18,297**	18,024
6.50% Convertible subordinated notes	**0**	59,691
8.00% Convertible subordinated notes	**40,000**	0
10.00% subordinated notes	**22,689**	20,287
Total debt	**193,603**	208,446
Less current portion	**7,319**	4,526
	$186,284	$203,920

On October 7, 2003, we amended our Bank Credit Agreement ("Agreement"). The Agreement provides that we may borrow on a revolving credit basis up to a maximum of $125,000,000. All outstanding amounts under the Agreement are due and payable on October 7, 2006. Interest is variable based upon formulas tied to LIBOR or prime, at our option, and is payable at least quarterly. At August 31, 2003, the weighted average interest rate for all amounts outstanding was 4.14%. Indebtedness under the Agreement is unsecured, except for guarantees by our U.S. subsidiaries, the pledge of the stock of our U.S. subsidiaries and the pledge of the stock of certain non-U.S. subsidiaries. Under this Agreement and other lines of credit, we have $112,000,000 of unused borrowing capacity. However, due to our financial covenants and outstanding standby letters of credit we could only incur additional indebtedness of $32,000,000. We have $22,187,000 of standby letters of credit outstanding at August 31, 2003. These standby letters of credit are used as security for advance payments received from customers and future payments to our vendors.

We have $100,000,000 of Senior Notes ("Senior Notes") issued in two series. Series A in the principal amount of $70,000,000 has an interest rate of 6.76% and is due May 1, 2008, and Series B in the principal amount of $30,000,000 has an interest rate of 6.84% and is due May 1, 2010. Interest is payable semi-annually on May 1 and November 1.

The above agreements have certain restrictive covenants including limitations on cash dividends, treasury stock purchases and capital expenditures and thresholds for interest coverage and leverage ratios. The amount of cash dividends and treasury stock purchases, other than in relation to stock option exercises, we may incur in each fiscal year is restricted to the greater of $3,500,000 or 50% of our consolidated net income for the immediately preceding fiscal year, plus a portion of any unused amounts from the preceding fiscal year.

We have $22,689,000 of 10.00% Subordinated Notes ("Subordinated Notes") denominated in euro with the former owner of Romaco. The Subordinated Notes are due in 2006 and interest is payable quarterly.

We have $40,000,000 of 8.00% Convertible Subordinated Notes Due 2008 ("8.00% Convertible Subordinated Notes"). The 8.00% Convertible Subordinated Notes are due on January 31, 2008, bear interest at 8.00%, payable semi-annually on March 1 and September 1 and are convertible into common stock at a rate of $22.50 per share. Holders may convert at any time until maturity. The 8.00% Convertible Subordinated Notes are redeemable at our option at any time on or after March 1, 2004, at a redemption price (a) prior to or on March 1, 2005, equal to 102% of the principal amount, and (b) after March 1, 2005, equal to 100% of the principal amount.

Our other debt primarily consists of unsecured non-U.S. bank lines of credit with interest rates ranging from 4.00% to 8.00%.

We have entered into an interest rate swap agreement. The interest rate swap agreement utilized by us effectively modifies our exposure to interest rate risk by converting our fixed rate debt to floating rate debt. This agreement involves the receipt of fixed rate amounts in exchange for floating rate interest payments over the life of the agreement without an exchange of underlying principal amounts. The mark-to-market values of both the fair value hedging instrument and the underlying debt obligation were equal and recorded as offsetting gains and losses in current period earnings. The fair value hedge qualifies for treatment under the short-cut method of measuring effectiveness. As a result, there is no impact on earnings due to hedge ineffectiveness. The interest rate swap agreement totals $30,000,000, expires in 2008 and allows us to receive an interest rate of 6.76% and pay an interest rate based on LIBOR.

Aggregate principal payments of long-term debt, for the five years subsequent to August 31, 2003, are as follows:

(In thousands)	
2004	**$ 7,319**
2005	**13,092**
2006	**27,893**
2007	**1,945**
2008	**111,924**
2009 and thereafter	**31,430**
Total	**$193,603**

NOTE 9 - RETIREMENT BENEFITS

We sponsor two defined contribution plans covering most U.S. salaried employees and certain U.S. hourly employees. Contributions are made to the plans based on a percentage of eligible amounts contributed by participating employees. We also sponsor several defined benefit plans covering all U.S. employees and certain non-U.S. employees. Benefits are based on years of service and employees' compensation or stated amounts for each year of service. Our funding policy is consistent with the funding requirements of applicable regulations. At August 31, 2003 and 2002, pension investments included 311,700 shares of our common stock.

In addition to pension benefits, we provide health care and life insurance benefits for certain of our retired U.S. employees. Our policy is to fund the cost of these benefits as claims are paid.

Retirement and other post-retirement plan costs are as follows:

	Pension Benefits		
(In thousands)	**2003**	2002	2001
Service cost	**$3,905**	$4,031	$3,602
Interest cost	**8,250**	7,870	7,278
Expected return on plan assets	**(6,244)**	(6,752)	(7,049)
Amortization of prior service cost	**752**	746	593
Amortization of transition obligation	**(173)**	(212)	(202)
Recognized net actuarial losses (gains)	**815**	67	(148)
Net periodic benefit cost	**$7,305**	$5,750	$4,074
Defined contribution cost	**$1,057**	$1,077	$1,064

	Other Benefits		
(In thousands)	**2003**	2002	2001
Service cost	**$ 249**	$ 297	$ 275
Interest cost	**1,713**	1,694	1,650
Net amortization	**702**	609	521
Net periodic benefit cost	**$2,664**	$2,600	$2,446

The funded status and amounts recorded in the balance sheet are as follows:

	Pension Benefits		Other Benefits	
(In thousands)	2003	2002	2003	2002
Change in benefit obligation:				
Beginning of year	$128,067	$116,862	$ 25,343	$ 23,955
Service cost	3,905	4,031	249	297
Interest cost	8,250	7,870	1,713	1,694
Plan amendments	346	2,128	104	0
Currency exchange rate impact	3,993	3,110	0	0
Actuarial losses	407	2,122	1,110	3,493
Curtailment	0	0	(16)	(1,438)
Benefit payments	(8,330)	(8,056)	(2,886)	(2,658)
End of year	$136,638	$128,067	$ 25,617	$ 25,343
Change in plan assets:				
Beginning of year	$ 71,898	$ 79,588	$ 0	$ 0
Actual return	4,525	(6,276)	0	0
Company contributions	9,377	6,642	2,886	2,658
Benefit payments	(8,330)	(8,056)	(2,886)	(2,658)
End of year	$ 77,470	$ 71,898	$ 0	$ 0
Funded status	$ (59,168)	$ (56,169)	$ (25,617)	$ (25,343)
Unrecognized net actuarial losses	25,770	24,081	9,154	8,545
Unrecognized transition obligation	(491)	(656)	0	0
Unamortized prior service cost	3,540	3,946	2,271	2,384
Amount recognized	$ (30,349)	$ (28,798)	$ (14,192)	$ (14,414)
Recorded as follows:				
Accrued expenses	$ (5,581)	$ (5,216)	$ (2,000)	$ (2,000)
Other long-term liabilities	(46,537)	(43,694)	(12,192)	(12,414)
Other assets	1,309	0	0	0
Intangible assets	3,805	4,564	0	0
Accumulated other comprehensive loss	16,655	15,548	0	0
	$ (30,349)	$ (28,798)	$ (14,192)	$ (14,414)
Deferred tax liability on accumulated other comprehensive loss	$ (5,667)	$ (4,892)	$ 0	$ 0

Pension plans with accumulated ("ABO") and projected ("PBO") benefit obligations in excess of plan assets:

(In thousands)	2003	2002
Accumulated benefit obligation	$132,018	$123,275
Projected benefit obligation	136,638	128,067
Plan assets	77,470	71,898

In 2003 and 2002, $33,504,000 and $30,287,000, respectively, of the unfunded ABO and $35,348,000 and $31,837,000, respectively, of the unfunded PBO related to our pension plan for our German operation. Funding of pension obligations is not required in Germany.

Actuarial weighted average assumptions used to determine plan costs and liabilities are as follows:

	Pension Benefits		Other Benefits	
	2003	2002	2003	2002
Weighted average assumptions:				
Discount rate	6.50%	7.00%	6.50%	7.00%
Expected return on plan assets	8.50	9.00	N/A	N/A
Rate of compensation increase	4.50	5.50	N/A	N/A
Health care cost increase	N/A	N/A	9.0–5.0%	10.0–5.0%
Health care cost grading period	N/A	N/A	4 yrs	5 yrs

The assumed health care trend rate has a significant effect on the amounts reported for health care benefits. A one percentage point change in assumed health care rate would have the following effects:

(In thousands)	Increase	Decrease
Service and interest cost	$ 72	$ (68)
Postretirement benefit obligation	843	(808)

NOTE 10 - INCOME TAXES

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Deferred tax assets and liabilities

(In thousands)	2003	2002
Assets:		
Postretirement benefit obligations	$ 5,360	$ 5,027
Net operating loss carryforwards	679	551
U.S. credit carryforward	5,071	2,236
Other liabilities	1,430	2,260
Inventory allowances	3,476	3,332
Warranty reserve	2,074	2,294
Insurance reserve	797	842
Pension benefits	6,250	6,275
Other items	0	527
	25,137	23,344
Less valuation allowance	726	1,271
	24,411	22,073
Liabilities:		
Tax depreciation in excess of book depreciation	8,373	6,438
Goodwill and purchased asset basis differences	15,441	12,512
Other items	988	527
	24,802	19,477
Net deferred tax (liability) asset	$ (391)	$ 2,596

The valuation allowance was related to the credit carryforwards that begin to expire in fiscal 2004. The net operating loss carryforwards begin to expire in fiscal 2006.

Expense

(In thousands)	2003	2002	2001
Current:			
U.S. federal	$ (627)	$ (6,751)	$ 2,727
Non-U.S.	4,799	5,877	3,925
U.S. state	(62)	(664)	271
	4,110	(1,538)	6,923
Deferred:			
U.S. federal	1,505	6,863	2,961
Non-U.S.	1,966	1,820	49
U.S. state	148	686	296
	3,619	9,369	3,306
	$ 7,729	$ 7,831	$10,229
Tax expense included in minority interest	$ 530	$ 395	$ 599
Non U.S. pretax income	$20,935	$23,521	$11,270

A summary of the differences between the effective income tax rate attributable to operations and the statutory rate is as follows:

	2003	2002	2001
U.S. statutory rate	35.0%	35.0%	35.0%
U.S. state income taxes, net of U.S. federal tax benefit	0.2	0.0	1.2
Foreign Sales Corporation	(1.5)	(1.5)	(4.2)
Non-U.S. taxes higher (lower) than U.S. tax rates	0.6	(0.8)	(0.1)
Other items – net	(0.8)	0.8	1.2
	33.5%	33.5%	33.1%

NOTE 11 - COMMON STOCK

We sponsor a long-term incentive stock plan to provide for the granting of stock-based compensation to officers and other key employees. In addition, we sponsor stock option and stock compensation plans for non-employee directors. Under the plans, the stock option price per share may not be less than the fair market value per share as of the date of grant. For officers and other key employees, outstanding grants become exercisable over a three year period, while options for non-employee directors are immediately exercisable. Proceeds from the sale of stock issued under option arrangements are credited to common stock. We make no charges or credits against earnings with respect to these options.

Summaries of amounts issued under the stock option plans are presented in the following tables.

Stock option activity

	Stock Options	Weighted-Average Option Price Per Share
Outstanding at September 1, 2000	1,013,900	$19.22
Granted	147,000	27.68
Exercised	(130,266)	10.10
Canceled	(10,500)	26.30
Outstanding at August 31, 2001	1,020,134	23.12
Granted	222,500	25.12
Exercised	(167,500)	15.07
Canceled	(333)	20.88
Outstanding at August 31, 2002	1,074,801	24.78
Granted	**187,500**	**19.12**
Exercised	**(36,000)**	**9.92**
Canceled/Expired	**(97,000)**	**28.48**
Outstanding at August 31, 2003	**1,129,301**	**$24.00**

Exercisable stock options at year-end

2001	730,081
2002	860,363
2003	**788,159**

Shares available for grant at year-end

2001	210,200
2002	537,700
2003	**350,200**

Components of outstanding stock options at August 31, 2003

Range of Exercise Price	Number Outstanding	Weighted-Average Contract Life in Years	Weighted-Average Exercise Price
$ 7.75 - $23.00	**452,134**	**7.08**	**$19.20**
23.75 - 39.50	**677,167**	**6.70**	**27.20**
$ 7.75 - $39.50	**1,129,301**	**6.85**	**$24.00**

Components of exercisable stock options at August 31, 2003

Range of Exercise Price	Number Exercisable	Weighted-Average Exercise Price
$ 7.75 - $23.00	**276,646**	**$19.23**
23.75 - 39.50	**511,513**	**27.70**
$ 7.75 - $39.50	**788,159**	**$24.72**

We also sponsor a long-term incentive stock plan. Under this plan, selected participants receive performance units which convert into a variable number of restricted shares based on a three year measurement of how favorably the total return on our shares compares to the total shareholder return of selected peer companies ("Group"). The restricted shares earned range from 75% to 200% of the performance units awarded. The 75% threshold is earned when our return is at the 50th percentile of total shareholder return of the Group and 200% is earned when our return is at the 80th percentile or greater. No restricted shares are earned if our return is less than the median return of the Group. Restricted shares earned under the program are issued to the participants at the end of the three year measurement period and are subject to forfeit if the participant leaves our employment within the following two years. For the performance period ended August 31, 2003, no amounts were earned.

Total after tax compensation expense (income) included in net income for all stock based awards was zero, $(84,000) and $84,000 for fiscal years 2003, 2002 and 2001, respectively. For purposes of pro forma disclosure as required by SFAS No. 148, the estimated fair value of options are amortized to expense over the options' vesting period. The after tax compensation expense that would have been included in net income if the fair value method had been applied to all awards was $1,193,000, $1,154,000 and $547,000 in fiscal years 2003, 2002 and 2001, respectively. Our pro forma net income and net income per share information is as follows:

(In thousands, except per share data)	**2003**	2002	2001
Pro forma net income	**$13,175**	$13,349	$19,084
Pro forma net income per share:			
Basic	**.92**	1.08	1.73
Diluted	**.92**	1.07	1.59

Pro forma information regarding net income and net income per share is required by SFAS No. 148, and has been determined as if we had accounted for stock options granted subsequent to August 31, 1995 under the fair value method of FASB Statement No. 123. The fair value for these options was estimated at the date of grant using a Black-Scholes model with the following weighted-average assumptions:

	2003	2002	2001
Expected volatility of common stock	**33.60%**	33.50%	33.20%
Risk free interest rate	**4.60**	4.55	4.72
Dividend yield	**.75**	.75	.75
Expected life of option	**6.90yrs**	6.90yrs	6.90yrs
Fair value at grant date	**$16.00**	$15.80	$11.49

Option valuation models, such as the Black-Scholes model, were developed for use in estimating the fair value of traded options which have no vesting restrictions and are freely transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because our options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in our opinion, existing models do not provide a reliable single measure of the fair value of our stock options.

NOTE 12 - NET INCOME PER SHARE

The following table sets forth the computation of basic and diluted net income per share:

(In thousands)	2003	2002	2001
Numerator:			
Basic:			
Net Income	$14,368	$14,503	$19,631
Effect of dilutive securities:			
Convertible debt interest	2,238	2,328	2,328
Income attributable to diluted shares	$16,606	$16,831	$21,959

(In thousands, except per share data)	2003	2002	2001
Denominator:			
Basic:			
Weighted average shares	14,368	12,379	11,050
Effect of dilutive securities:			
Convertible debt	2,090	2,190	2,190
Dilutive options and restricted shares	34	119	225
Diluted	16,492	14,688	13,465
Net income per share:			
Basic:	$1.00	$1.17	$1.78
Diluted (reported):	$1.00[(a)]	$1.15	$1.63
Diluted (computed):	$1.01[(a)]		

(a) The computed diluted net income per share for fiscal 2003 is $1.01. However diluted net income per share may not exceed basic net income per share. Therefore the reported diluted net income per share for fiscal 2003 is $1.00.

NOTE 13 - BUSINESS SEGMENTS AND GEOGRAPHIC INFORMATION

Our operations are aggregated into three reportable business segments: Pharmaceutical, Energy and Industrial. Our Pharmaceutical segment includes our Reactor Systems and Romaco businesses and is primarily focused on the pharmaceutical and healthcare industries. Our Reactor Systems business designs, manufactures and markets primary processing equipment including glass-lined reactors and storage vessels. Our Romaco business designs, manufactures and markets secondary processing, dosing, filling, printing and security equipment. Our Energy segment designs, manufactures and markets equipment and systems used in oil and gas exploration and recovery. Our equipment and systems include hydraulic drilling power sections, down-hole pumps and a broad line of ancillary equipment, such as rod guides, rod and tubing rotators, wellhead systems, pipeline closure products and valves. Our Industrial segment is comprised of our Moyno, Tarby, Chemineer and Edlon businesses, which design, manufacture and market products that are used in specialty chemical, wastewater treatment and a variety of other industrial applications. The primary products are progressing cavity pump products, mixing and turbine agitation equipment, and fluoropolymer-lined products and accessories.

We evaluate performance and allocate resources based on Income before Interest and Taxes ("EBIT"). Identifiable assets by business segment include all assets directly identified with those operations. Corporate assets consist mostly of cash and intangible assets. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies except that we account for U.S. inventory on a FIFO basis at the segment level compared to a LIFO basis at the consolidated level.

The following tables provide information about our reportable business segments.

(In thousands)	2003	2002	2001
Unaffiliated Customer Sales:			
Pharmaceutical (2)	$342,415	$319,412	$171,403
Energy (3)	95,487	91,381	113,906
Industrial (1)	122,873	115,580	140,593
Total	$560,775	$526,373	$425,902
Intersegment Sales:			
Pharmaceutical (2)	$ 1,136	$ 934	$ 883
Energy (3)	0	0	0
Industrial (1)	0	0	0
Corporate and Eliminations	(1,136)	(934)	(883)
Total	$ 0	$ 0	$ 0
Depreciation and Amortization:			
Pharmaceutical (2)	$ 10,562	$ 10,194	$ 7,563
Energy (3)	5,307	5,534	7,260
Industrial (1)	5,065	5,366	8,641
Corporate and Eliminations	1,348	949	884
Total	$ 22,282	$ 22,043	$ 24,348
EBIT:			
Pharmaceutical (2)	$ 21,401	$ 27,895	$ 17,349[(4)]
Energy (3)	20,941	18,773	26,078
Industrial (1)	8,791	5,279	8,445[(5)]
Corporate and Eliminations	(12,424)	(11,000)	(8,636)[(6)]
Total	$ 38,709	$ 40,947	$ 43,236
Identifiable Assets:			
Pharmaceutical (2)	$416,215	$405,319	$352,167
Energy (3)	134,167	131,374	142,674
Industrial (1)	128,754	114,926	135,886
Corporate and Eliminations	25,320	28,306	29,533
Total	$704,456	$679,925	$660,260

(In thousands)	2003	2002	2001
Capital Expenditures:			
Pharmaceutical (2)	$3,666	$ 8,761	$ 7,652
Energy (3)	2,253	682	5,805
Industrial (1)	1,878	5,505	6,674
Corporate and Eliminations	72	164	69
Total	$7,869	$15,112	$20,200

Information about our operations in different geographical regions is presented below. Our primary operations are in the U.S. and Europe. Sales are attributed to countries based on the location of the customer.

(In thousands)	2003	2002	2001
Sales (1) (2) (3):			
United States	$204,982	$209,713	$234,007
Europe	218,442	219,949	93,358
Other North America	51,889	42,834	49,714
South America	20,970	20,230	11,699
Asia and Australia	64,492	33,647	37,124
	$560,775	$526,373	$425,902

(In thousands)	2003	2002	2001
Identifiable Assets (1) (2) (3):			
United States	$309,243	$299,943	$326,334
Europe	294,659	290,220	233,191
Other North America	37,968	33,340	38,418
South America	9,088	4,338	6,861
Asia	28,178	23,778	25,923
Corporate	25,320	28,306	29,533
	$704,456	$679,925	$660,260

(1) Includes the operations of Tarby from the acquisition date of November 15, 2002.
(2) Includes the balance sheet of Romaco on the acquisition date of August 31, 2001 and their operations in fiscal 2002.
(3) Includes the operations of acquisitions from the respective dates of their acquisition:
Rodec - December 12, 2000 and ABI - June 12, 2001.
(4) Fiscal 2001 included costs of $244,000 related to our global reorganization program.
(5) Fiscal 2001 included costs of $2,148,000 related to our global reorganization program.
(6) Fiscal 2001 included costs of $100,000 for our global reorganization program.

NOTE 14 - QUARTERLY DATA (UNAUDITED)

	2003 Quarters				
(In thousands, except per share data)	1st	2nd	3rd	4th	Total
Sales	$124,828	$134,155	$144,921	$156,871	$560,775
Gross profit	41,548	45,247	49,139	52,882	188,816
EBIT	7,043	8,850	11,439	11,377	38,709
Income before income taxes and minority interest	3,185	4,998	7,439	7,459	23,081
Net income	1,990	3,043	4,411	4,924	14,368
Net income per share:					
Basic	$ 0.14	$ 0.21	$ 0.31	$ 0.34	$ 1.00
Diluted	0.14	0.21	0.30	0.33	1.00
Weighted average common shares:					
Basic	14,344	14,358	14,373	14,397	14,368
Diluted	16,568	16,643	16,534	16,224	16,492

	2002 Quarters				
(In thousands, except per share data)	1st	2nd	3rd	4th	Total
Sales	$139,387	$130,002	$124,812	$132,172	$526,373
Gross profit	46,944	43,522	41,393	41,905	173,764
EBIT	12,625	11,227	9,365	7,730	40,947
Income before income taxes and minority interest	8,572	6,661	4,456	3,693	23,382
Net income	5,441	4,170	2,696	2,196	14,503
Net income per share:					
Basic	$ 0.46	$ 0.35	$ 0.23	$ 0.16	$ 1.17
Diluted	0.43	0.34	0.23	0.16	1.15
Weighted average common shares:					
Basic	11,773	11,832	11,894	14,020	12,379
Diluted	14,120	14,115	14,203	16,275	14,688

BOARD OF DIRECTORS

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President and Chief Executive Officer

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Retired President, Wright State University

Thomas P. Loftis [3]
President, Midland Properties

William D. Manning [1,2]
Retired Senior Vice President,
The Lubrizol Corporation

Dale L. Medford [1]
Executive Vice President & Chief Financial Officer
The Reynolds and Reynolds Company

Maynard H. Murch IV
Chairman of the Board, Robbins & Myers, Inc.,
Vice President, Parker/Hunter, Inc.

Jerome F. Tatar [2,3]
Retired Chairman of the Board
MeadWestvaco Corporation

John N. Taylor, Jr. [1,3]
Former Chairman and Chief Executive Officer,
Kurz-Kasch, Inc.

(1) Members of the Audit Committee
(2) Members of the Compensation Committee
(3) Members of the Nominating & Governance Committee

CORPORATE OFFICERS

Gerald L. Connelly
President and Chief Executive Officer

Kevin J. Brown
Vice President
and Chief Financial Officer

Milton M. Hernandez
Group Vice President and President,
Robbins & Myers Europe

Karl H. Bergmann
Vice President and Vice President-Operations,
Robbins & Myers Europe,
President and CEO, Romaco Group

Hugh E. Becker
Vice President, Investor Relations
and Human Resources,
Assistant Corporate Secretary

Thomas J. Schockman
Corporate Controller and
Chief Accounting Officer

Albert L. Raiteri
Treasurer

Joseph M. Rigot
Secretary and General Counsel

SHAREHOLDER **INFORMATION**

Corporate Headquarters:
Robbins & Myers, Inc.
1400 Kettering Tower
Dayton, Ohio 45423-1400
(937) 222-2610

Independent Auditors
Ernst & Young LLP
Fifth Third Center
Suite 1800
Dayton, Ohio 45402

Shareholder Inquiries
Inquiries regarding change of address, dividend payments, lost certificates and Form 1099 should be addressed to:

Registrar and Transfer Agent
National City Bank
Corporate Trust Operations
P.O. Box 92301
Cleveland, Ohio 44193-0900
(800) 622-6757

Securities Analysts/Institutional Investor Inquiries
Hugh E. Becker
Vice President, Investor Relations
(937) 225-3335
FAX: (937) 225-3355
e-mail: hbecker@robn.com

Annual Meeting
December 10, 2003
11:00 a.m.
Dayton Racquet Club, Patterson Room
Kettering Tower
40 N. Main Street
Dayton, Ohio 45423

Dividend Reinvestment & Stock Purchase Plan
Robbins & Myers, Inc., offers a convenient way to invest through our Investor Stock Purchase Plan. Investors can acquire shares by reinvesting dividends and/or optional cash payments. To obtain a Plan Prospectus and authorization forms, contact:

National City Bank
Reinvestment Services
P.O. Box 92301
Cleveland, Ohio 44193-0900

Public Filings
Copies of the Company's Form 10-K and Form 10-Q filed with the Securities & Exchange Commission are available without charge. Contact Investor Relations.
Obtain a copy through our website @ www.robbinsmyers.com.

Quarterly Stock Price and Dividends Paid

(Per Share of Common Stock)

	2003			
	Market Price			
Quarter Ended	High	Low	Close	Dividends
November 30	$20.05	$14.70	$16.35	$0.055
February 28	19.64	14.80	15.20	0.055
May 31	19.25	13.29	19.18	0.055
August 31	22.77	18.50	22.73	0.055
				$0.220

	2002			
	Market Price			
Quarter Ended	High	Low	Close	Dividends
November 30	$28.70	$22.82	$23.75	$0.055
February 28	25.70	21.97	24.80	0.055
May 31	29.28	23.40	24.11	0.055
August 31	26.25	18.91	18.91	0.055
				$0.220