

Oxford Instruments Overseas Holdings Limited


**Directors' report and financial
statements**

Registered number 3302442

31 March 2006

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2006.

Principal activity and business review

The principal activity of the company is that of a holding company. The company is non-trading. No changes in the company's activities are expected in the foreseeable future.

Dividend

An interim dividend of Nil (2005 £6,577,000) was paid in the year. No final dividend was proposed. The profit for the year of £482,000 (2005 £5,387,000) has been transferred to reserves.

Directors and directors' interests

The directors who held office during the year were as follows:

M Lamaison

T Curtis (appointed 17 October 2005, resigned 29 December 2005)

NJ Keen (resigned 17 May 2005)

DJ Flint (appointed 17 May 2005)

The directors who held office at the end of the financial year had no interests in the shares of the company, according to the register of directors' interests.

Both of those directors are also directors of the ultimate holding company, and their interests in the shares and their share option holdings are disclosed in the accounts of that company, Oxford Instruments plc.

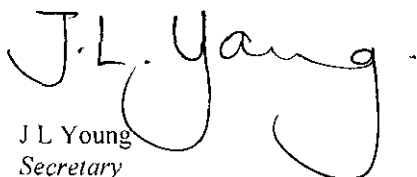
Disclosure of information to auditors

The directors who held office at the date of approval of the directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually at an AGM and KPMG Audit Plc will therefore continue in office.

By order of the board



J L Young
Secretary

Old Station Way
Eynsham
Oxfordshire
OX29 4TL

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

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

KPMG Audit Plc

2 Cornwall Street
Birmingham
B3 2DL
United Kingdom

Report of the independent auditors to the members of Oxford Instruments Overseas Holdings Limited

We have audited the financial statements of Oxford Instruments Overseas Holdings Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movement in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

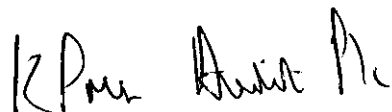
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Independent auditors' report to the members of Oxford Instruments
Overseas Holdings Limited** *(continued)*

Opinion

In our opinion the financial statements:

- 1) give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended; and
- 2) have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

13 June 2006

Profit and loss account
for the year ended 31 March 2006

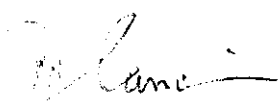
	<i>Note</i>	2006 £000	2005 £000
Income from shares in group undertakings	2	-	6,577
Loss on disposal of subsidiaries	3	-	(1,190)
Profit on disposal	4	482	-
		-	-
Profit on ordinary activities before taxation	2-6	482	5,387
Tax on profit on ordinary activities	7	-	-
Profit for the year		482	5,387

All figures relate to continuing operations. The company has no recognised gains and losses other than the result for the year.

Balance sheet
at 31 March 2006

	<i>Note</i>	2006	2005
		£000	£000
Fixed assets			
Investments	8	34,306	33,156
		<hr/>	<hr/>
		34,306	33,156
Current assets			
Debtors	9	9,594	10,999
Creditors: amounts falling due within one year	10	(342)	(45)
		<hr/>	<hr/>
Net current assets		9,252	10,954
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	11	43,558 (300)	44,110 (1,334)
		<hr/>	<hr/>
Net assets		43,258	42,776
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	12	-	-
Share premium reserve	13	26,281	26,281
Profit and loss account	14	16,977	16,495
		<hr/>	<hr/>
Shareholders' funds - equity		43,258	42,776
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 13 June 2006 and were signed on its behalf by:



M Lamaison
 Director

Reconciliation of movement in shareholders' funds
for the year ended 31 March 2006

	2006 £000	2005 £000
Profit for the financial year	482	5,387
Dividends paid	-	(6,577)
Opening shareholders' funds	42,776	43,966
	<hr/>	<hr/>
Closing shareholders' funds	43,258	42,776
	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

In these financial statements FRS 21 events after the balance sheet date has been adopted for the first time.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. Under Financial Reporting Standard (FRS) 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements. The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

As the company is a wholly owned subsidiary of Oxford Instruments plc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Oxford Instruments plc, within which this company is included, can be obtained from the address given in note 15.

Going concern

The Financial Statements have been prepared on a going concern basis, based on the Directors' opinion, after making reasonable enquiries, that the Company has adequate resources to continue in operational existence for the foreseeable future.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Foreign currency

Transactions in foreign currencies are converted into sterling at the rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the balance sheet date. Exchange profits and losses arising from the above are dealt with in the profit and loss account.

Dividends on shares presented within shareholders funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Income from shares in group undertakings

During 2005 the company received dividends totalling £6,039,000 from Oxford Instruments (Holdings) Inc, £408,000 from Oxford Instruments GmbH and £130,000 from Oxford Instruments Private Ltd.

3 Profit/loss on disposal of subsidiaries

The company suffered a loss on disposal of £1,190,000 on disposal of its investments in Oxford Instruments (France) SA, Oxford Instruments Nederland BV and Oxford Instruments BV.

4 Profit on disposal

The company made a profit of £482,000 on disposal of its investment in Target Systemelectronic GmbH.

5 Remuneration of directors

The directors receive no remuneration for their roles as directors of the company. The aggregate emoluments of the directors are borne and are also disclosed by Oxford Instruments plc, the holding company. Details of share options exercised are shown in the directors' report of Oxford Instruments plc.

6 Staff numbers and costs

With the exception of the directors, the company has no employees.

7 Taxation

No taxation is due on the profit on disposal since it is exempt under the substantial shareholding exemption. No taxation is due on the dividend income in the prior period since it carries sufficient underlying tax credit to eliminate the UK corporation tax liability.

8 Investments

	2006 £000	2005 £000
Cost and net book value		
At beginning of year	33,156	27,986
Additions		
Transfers from other group companies	-	163
Investment in HKL Technology A/S	2,433	-
Investment in Oxford Instruments Oy	688	3,873
Investment in Oxford Instruments Analytical Oy	-	1,431
Investment in Oxford Instruments (Shanghai) Co Ltd	-	124
Disposals		
Disposal of Target Systemelectronic GmbH	(420)	-
Disposal of Oxford Instruments GmbH	(1,551)	-
Disposal of Oxford Instruments BV	-	(54)
Disposal of Oxford Instruments NV	-	(1)
Disposal of Oxford Instruments (France) SA	-	(366)
At end of year	34,306	33,156

The principal undertakings in which the company has an interest at the year end are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held	
<i>Subsidiary undertakings</i>				
Oxford Instruments Holdings Inc	USA	Holding company	100%	Ordinary
Oxford Instruments (Tennessee) Inc	USA	Manufacture	100%	Ordinary
Oxford Instruments X-Ray Technology Inc	USA	Manufacture	100%	Ordinary
Microspec Corporation	USA	Research	100%	Ordinary
Oxford Instruments America Inc	USA	Distribution	100%	Ordinary
Oxford Superconducting Technology	USA	Manufacture	100%	Ordinary
Austin Scientific Company	USA	Manufacture	100%	Ordinary
Oxford Instruments OST Holdings LLC	USA	Holding	100%	Ordinary
Oxford Instruments KK	Japan	Distribution	100%	Ordinary
Oxford Instruments Overseas Marketing Limited	UK	Marketing	100%	Ordinary
Oxford Instruments SAS	France	Distribution	100%	Ordinary
Oxford Instruments Private Limited	Singapore	Distribution	100%	Ordinary
Oxford Instruments Oy	Finland	Manufacture	100%	Ordinary
Oxford Instruments Analytical Oy	Finland	Holding	99%	Ordinary
Oxford Instruments GmbH	Germany	Distribution	100%	Ordinary
Oxford Instruments (Shanghai) Co Ltd	China	Manufacture	100%	Ordinary
HKL Technology A/S	Denmark	Manufacture	100%	Ordinary

Notes *(continued)*

9 Debtors

	2006 £000	2005 £000
Amounts owed by parent undertakings	9,594	10,986
Other debtors	-	13
Total	<u>9,594</u>	<u>10,999</u>

10 Creditors: amounts falling due within one year

	2006 £000	2005 £000
Amounts owed to subsidiary undertakings	1	-
Other creditors	341	45
Total	<u>342</u>	<u>45</u>

11 Creditors: amounts falling due after more than one year

	2006 £000	2005 £000
Other creditors	<u>300</u>	<u>1,334</u>

12 Called up share capital

	2006 £	2005 £
<i>Authorised</i>		
1,000,000 ordinary £1 shares	<u>1,000,000</u>	<u>1,000,000</u>
<i>Allotted, called up and fully paid</i>		
7 ordinary £1 shares	<u>7</u>	<u>7</u>

13 Share premium reserve

	£000
At 31 March 2005 and 31 March 2006	<u>26,281</u>

Notes (continued)

14 Profit and loss account

	2006 £000	2005 £000
At beginning of year	16,495	17,685
Profit for the year	482	5,387
Dividend Paid	-	(6,577)
At end of year	<u>16,977</u>	<u>16,495</u>

15 Ultimate parent company

The company's ultimate parent company is Oxford Instruments plc, a company registered in England and Wales. This is the only company in the group that prepares consolidated financial statements. These are available to the public and may be obtained from Oxford Instruments plc's head office at Old Station Way, Eynsham, Witney, Oxon, OX29 4TL, England.