SPECTRIS UK HOLDINGS LIMITED

Directors' report and financial statements

Year ended 31 December 2005

Registered number 4451903
Registered in England

Contents

Contents	Page
Directors' report	1
Statement of directors' responsibilities	2
Report of the independent auditors, KPMG Audit Plc, to the members of Spectris UK Holdings Limited	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6

Directors' report

The directors present their report and the financial statements for the year ended 31st December 2005.

Activities

The principal activity of the company is that of an investment company.

Results and Dividends

The company made a profit after taxation for the year of £937,000 (2004: £234,000).

The directors do not recommend the payment of a dividend (2004: £nil).

Directors

The directors who held office during the year were:

Roger Stephens
Steve Hare

Directors' interests

The directors had no beneficial interests in the share capital of the Company at the year end. Spectris UK Holdings Ltd is a wholly owned subsidiary of Spectris plc.

The interests of Steve Hare in the shares of Spectris plc are shown in the financial statements of that company.

The interests of Roger Stephens in the shares of Spectris plc are shown in the financial statements of Fairey Overseas Developments Limited.

According to the register of directors' interests no rights to subscribe for shares or debentures of the company were granted to any of the directors or their immediate families or exercised by them during the financial year. The rights of directors to subscribe for shares or debentures in other group companies granted or exercised by the directors or their immediate families in the financial year are shown in the financial statements of the companies noted above.

Annual general meeting

In accordance with Section 366A of the Companies Act 1985, the company has elected to dispense with the holding of Annual General Meetings.

Pursuant to section 386 of the Companies Act 1985, a resolution has been passed that has resulted in the company not being required to reappoint its auditors annually.

By order of the board

Robert Martin

Robert Martin
Company Secretary

7 August 2006

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

The directors are responsbile 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 judgements 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 which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the 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.

Report of the independent auditors, KPMG Audit Plc, to the members of Spectris UK Holdings Limited

We have audited the financial statements of Spectris UK Holdings Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet 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 the 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 transactions with the company 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements:

• 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 December 2005 and of its profit for the year then ended; and

• have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

7 August 2006

KPMG Audit Plc
Chartered Accountants
Registered Auditor

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Profit and Loss Account
For the year ended 31 December 2005

	Note	**2005**	2004
		£000	£000
Other interest receivable and similar income	*5*	**1,339**	335
Profit on ordinary activities before taxation		**1,339**	335
Tax on profit on ordinary activities	*6*	**(402)**	(101)
Retained profit for the financial year		**937**	234

The results in the profit and loss account above relate entirely to continuing operations.

There were no recognised gains or losses in the period other than those which have been dealt with in the profit and loss account and accordingly a statement of total recognised gains and losses is not presented.

Balance Sheet
As at 31 December 2005

	Note	**2005** **£000**	2004 £000
Current assets			
Debtors	*7*	**78,814**	6,578
Creditors: amounts falling due within one year	*8*	**(418)**	(101)
Net current assets		**78,396**	6,477
Net Assets		**78,396**	6,477
Capital and reserves			
Called up share capital	*9*	**77,225**	6,243
Profit and loss account	*10*	**1,171**	234
Shareholders' funds		**78,396**	6,477

The financial statements were approved by the Board of Directors and were signed on its behalf by:

Roger Stephens

Roger Stephens
Director
7 August 2006

Notes to 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 financial statements, except as noted below.

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date';
- The presentation requirements of FRS 25 'Financial instruments: presentation and disclosure'; and
- FRS 28 'Corresponding amounts'.

Adoption of the presentation requirements of FRS 25 'Financial instruments: presentation and disclosure' is effective from 1 January 2005. There was no impact on corresponding amounts as a result of adopting this standard. The impact of adopting this standard on the presentation of the balance sheet at 31 December 2005 is described below.

FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

There has been no material effect of any other changes in accounting policies on the current year financial statements and prior year financial statements as previously reported.

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 1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that the parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Spectris 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 (or investees of the group qualifying as related parties). The consolidated financial statements of Spectris plc, within which this company is included, can be obtained from the address given in note 12.

Foreign Currencies
Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities recorded in foreign currencies are translated into sterling at the rates ruling at 31 December 2005. Foreign exchange differences arising on translation are recognised in the profit and loss account.

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.

Notes to the financial statements (continued)

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the criteria laid down by FRS 25.

To the extent that the criteria are not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares. Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

No adjustments were necessary to implement this policy as at 1 January 2005. Corresponding amounts for 2004 are presented and disclosed in accordance with the requirements of FRS 4 (as applicable in 2004). The nature of the main effects upon the 2005 profit and loss account are as follows:

- The deferred shares are treated as part of shareholders' funds in 2004 when they were part-paid. Upon becoming fully-paid in 2005, £16,000 has been reclassified as a liability, representing $0.01 per share (see note 9), increasing net debt and reducing reported share capital and net assets by this amount as a result of the reclassification.

- There were no finance payments in respect of these shares paid in 2005. In 2004, in respect of FRS 4 equity shares that are now classified as liabilities, the finance payments would have been included in dividends paid. There were no dividends paid in 2004.

The 2004 disclosures follow FRS 4 as applicable.

The above has no net effect on the company profit after tax.

Had FRS 25 been adopted in the comparative year, there would have been no additional adjustments made to the primary statements.

2. Remuneration of directors

The directors received no remuneration in respect of activities performed for the company during the year.

3. Remuneration of auditor

The auditor's remuneration in respect of services provided to the company is paid by the ultimate holding company, Spectris plc.

4. Remuneration of employees

The company had no employees during the year or the previous year.

5. Other interest receivable and similar income

	2005	2004
	£000	£000
Interest receivable from group undertakings	**1,339**	335

Notes to the financial statements (continued)

6. Tax on profit on ordinary activities

	2005	2004
	£000	£000
UK Corporation Tax		
Current tax on profit for the year at 30% (2004: 30%)	**402**	101

There is no difference between the current tax charge and the tax expected based on the standard rate of corporation tax in the UK.

7. Debtors

	2005	2004
	£000	£000
Amounts owed by group undertakings	**78,814**	6,578

8. Creditors: amounts falling due within one year

	2005	2004
	£000	£000
Shares classified as liabilities	**16**	-
Corporation tax	**402**	101
	418	101

9. Share Capital

	2005	2004
	$000	$000
Authorised		
5,000,000 ordinary shares of $1 each	**5,000**	5,000
2,900,000 deferred shares of $50 each	**145,000**	145,000
	150,000	150,000
	£000	£000
Allotted and called up		
22,628 ordinary shares of $1 each (fully paid)	**15**	15
2,737,200 $50 fully paid deferred shares (2004: part paid $3.93 each)	**77,226**	6,228
	77,241	6,243
Deferred shares classified as liabilities (see note 8)	**16**	-
Deferred shares classified as equity	**77,210**	6,228
Ordinary shares classified as equity	**15**	15
	77,241	6,243

Notes to the financial statements (continued)

9. Share Capital (continued)

During the year $126,103,000 (£70,998,000) was received in respect of the deferred share capital in accordance with the articles of association. The deferred shares carry the following rights:

The rights to a dividend from realised profits derived from the sale of real estate in precedence to ordinary shares. The deferred shares do not carry the rights to dividends arising from further distributable profits.

On the winding up of the business, the right to repayment of nominal deferred share capital from any surplus assets following the deduction of the ordinary share capital and a premium payable to ordinary shareholders equal to the total amount of capital contributed in respect of the deferred share at that time.

The holder or holders may at any time give notice in writing to the company, requiring the company to redeem all of the deferred shares which have been issued and are fully paid up at a redemption price of not more than US$ 0.01 per share.

The deferred shares carry no voting rights.

10. Reserves

	Profit and Loss
	£000
At 1 January 2005	234
Retained profit for the year	937
At 31 December 2005	**1,171**

11. Reconciliation of movements in equity shareholders' funds

	2005	2004
	£000	£000
Opening equity shareholders' funds	**6,477**	6,243
Share capital subscribed	**70,998**	-
Reclassification of deferred shares as a liability (see note 9)	**(16)**	-
Profit for the financial year	**937**	234
Closing equity shareholders' funds	**78,396**	6,477

12. Ultimate Holding Company

The company's ultimate holding company is Spectris plc, which is incorporated in Great Britain and registered in England. Copies of Spectris plc financial statements can be obtained from:

Spectris plc
Station Road
Egham
Surrey
TW20 9NP