

Company Registration No 1005071 (England and Wales)

PANALYTICAL LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

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PANALYTICAL LIMITED

COMPANY INFORMATION

Directors

G E J Eggermont
Dr R A Nicholls
R J Stephens
J J Van Rijn
J C Webster

Secretary

P P Strucks

Company number

1005071

Registered office

7310 Cambridge Research Park
Waterbeach
Cambridge
CB25 9AY

Auditors

Ensors
Anglia House
285 Milton Road
Cambridge
CB4 1XQ

PANALYTICAL LIMITED

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PANALYTICAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report and financial statements for the year ended 31 December 2007

Principal activities and review of the business

The principal activity of the company continued to be the marketing, sale and support of x-ray analytical equipment in the UK and Ireland

2007 saw a continued development of sales into the academic market place caused by increased government funding. The order book at the end of 2007 showed a positive trend which early indicators show will continue into 2008. The industrial side of the UK economy again showed a marked depression, but sales into research and development markets held strong. The customer support business continued its above inflation growth with most new sales resulting in service contract income. This assisted maintenance of the profit levels. Continued attention to organisation costs kept these under control and the headcount was stable from the previous year. The high order book carried into 2008 will give a satisfactory first quarter sales performance.

During 2008 the company will relocate to a new office building in the Cambridge area to facilities in keeping with a high status, customer oriented organisation.

Risk Management

The key business risks and uncertainties affecting the company are considered to relate to international competition, key employee retention and product availability. Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided on page 15 of the Spectris plc annual report which does not form part of this report.

Trading risks

The successful launch of new products and expansion into new markets is key to obtaining growth and fending off increasing competition around traditional core technologies. The directors and management continually seek to control overheads to improve profitability.

Financial risks

The company generates cash and is part of the global bank pooling arrangements of its parent undertaking which provides sufficient working capital for its business needs. There is no exposure to future debt repayments or interest demands.

Liability risks

There is no known exposure to legal claims at 31 December 2007.

Results and dividends

The results for the year are set out on page 5.

A dividend of £700,000 was paid in the year.

Directors

The following directors have held office since 1 January 2007.

G E J Eggermont

Dr R A Nicholls

R J Stephens

J J Van Rijn

J C Webster

PANALYTICAL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

Auditors

Ensors were appointed auditors to the company and in accordance with section 487(2) of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting

Directors' responsibilities

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those financial statements, the directors are required to

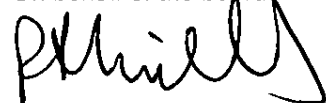
- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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 the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Dr R A Nicholls

Director

10 OCT 2008

PANALYTICAL LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF PANALYTICAL LIMITED

We have audited the financial statements of PANalytical Limited for the year ended 31 December 2007 set out on pages 5 to 16. 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 auditors' 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 the directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 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.

PANALYTICAL LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF PANALYTICAL LIMITED

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements



Ensors

10 OCT 2008

Chartered Accountants
Registered Auditor

Anglia House
285 Milton Road
Cambridge
CB4 1XQ

PANALYTICAL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £	2006 £
Turnover	2	4,490,910	4,540,547
Cost of sales		(3,044,397)	(2,876,425)
Gross profit		1,446,513	1,664,122
Distribution costs		(71,086)	(66,448)
Administrative expenses		(1,271,362)	(1,242,251)
Other operating income		20,030	27,694
Operating profit	3	124,095	383,117
Other interest receivable and similar income	6	3,512	9,612
Interest payable and similar charges	7	(29,595)	(2,959)
Profit on ordinary activities before taxation		98,012	389,770
Tax on profit on ordinary activities	8	(13,205)	-
Profit for the year	18	84,807	389,770

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

PANALYTICAL LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2007

	Notes	2007 £	£	2006 £	£
Fixed assets					
Intangible assets	10	1,723,245		1,840,631	
Tangible assets	11	34,156		50,940	
		<u>1,757,401</u>		<u>1,891,571</u>	
Current assets					
Stocks	12	583,345		711,330	
Debtors	13	936,361		1,209,600	
Cash at bank and in hand		-		51,419	
		<u>1,519,706</u>		<u>1,972,349</u>	
Creditors: amounts falling due within one year	14	<u>(2,553,742)</u>		<u>(2,517,553)</u>	
Net current liabilities			<u>(1,034,036)</u>		<u>(545,204)</u>
Total assets less current liabilities			723,365		1,346,367
Provisions for liabilities	15		<u>(72,028)</u>		<u>(79,837)</u>
			<u>651,337</u>		<u>1,266,530</u>
Capital and reserves					
Called up share capital	17	100,000		100,000	
Profit and loss account	18	551,337		1,166,530	
Shareholders' funds	19	<u>651,337</u>		<u>1,266,530</u>	

Approved by the Board and authorised for issue on

10 OCT 2008



Dr R A Nicholls
Director

PANALYTICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The directors have taken advantage of the exemption available in FRS 1 (Revised 1996) from including a cash flow statement in the financial statements on the basis that the company is wholly owned and its parent publishes a consolidated cash flow statement

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents the amounts, excluding value added tax, derived from the provision of goods and services to customers

System sales are recognised when the customer has accepted ownership of the system. Service contract income is recognised at equal monthly instalments over the term of the service contract. All other sales are recognised upon delivery to the customer.

1.4 Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. The estimated useful life of goodwill is 20 years, which is equivalent to the life cycle of PANalytical x-ray analysis equipment.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold property	over the life of the lease
IT equipment	33% per annum on a straight line basis

1.6 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Stock

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchases on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

PANALYTICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

1 Accounting policies

(continued)

1 8 Pensions

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The amount charged against profits represents the contributions payable to the scheme in respect of the period.

The company participates in a multi-employer pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

1 9 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions.

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1 10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1 11 Estimation techniques

In preparing the financial statements, management are required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Significant areas requiring the use of estimates relate to the recoverability or valuation of accounts receivable and stock and the determination of warranty accruals and other liabilities at the balance sheet date.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

PANALYTICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

3	Operating profit	2007	2006
		£	£
	Operating profit is stated after charging		
	Amortisation of intangible assets	117,386	117,386
	Depreciation of tangible assets	18,917	22,147
	Loss on foreign exchange transactions	9,263	2,181
	Operating lease rentals	46,570	49,758
		<u> </u>	<u> </u>
	Auditors' remuneration		
	Fees payable to the company's auditor for the audit of the company's annual accounts	9,000	8,650
	Taxation and accounting services	6,021	7,142
		<u> </u>	<u> </u>
		15,021	15,792
		<u> </u>	<u> </u>
4	Employees		
	Number of employees		
	The average monthly number of employees (including directors) during the year was		
		2007	2006
		Number	Number
	Sales and administration	23	24
		<u> </u>	<u> </u>
	Employment costs	2007	2006
		£	£
	Wages and salaries	838,770	811,212
	Social security costs	100,678	91,924
	Other pension costs	39,339	67,347
		<u> </u>	<u> </u>
		978,787	970,483
		<u> </u>	<u> </u>

PANALYTICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

5	Directors' emoluments	2007	2006
		£	£
	Emoluments for qualifying services	76,530	70,086
	Company pension contributions to money purchase schemes	4,269	4,125
		<u>80,799</u>	<u>74,211</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2006 - 1)

6	Investment income	2007	2006
		£	£
	Other interest	<u>3,512</u>	<u>9,612</u>

7	Interest payable	2007	2006
		£	£
	On amounts payable to group companies	<u>29,595</u>	<u>2,959</u>

PANALYTICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

8	Taxation	2007 £	2006 £
	Domestic current year tax		
	U K corporation tax	13,205	-
	Current tax charge	<u>13,205</u>	<u>-</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>98,012</u>	<u>389,770</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006 - 30.00%)	<u>29,404</u>	<u>116,931</u>
	Effects of		
	Costs disallowed for tax purposes	5,719	5,110
	Excess of capital allowances over depreciation	(1,397)	8,991
	Enhanced tax relief	(20,521)	(21,316)
	Group relief utilised	-	(109,716)
		<u>(16,199)</u>	<u>(116,931)</u>
	Current tax charge	<u>13,205</u>	<u>-</u>
9	Dividends	2007 £	2006 £
	Ordinary interim paid	<u>700,000</u>	<u>-</u>

PANALYTICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

10 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2007 & at 31 December 2007	2,347,718
Amortisation	
At 1 January 2007	507,087
Charge for the year	117,386
At 31 December 2007	624,473
Net book value	
At 31 December 2007	1,723,245
At 31 December 2006	1,840,631

11 Tangible fixed assets

	Leasehold property £	IT equipment £	Total £
Cost			
At 1 January 2007	96,115	64,723	160,838
Additions	-	2,133	2,133
At 31 December 2007	96,115	66,856	162,971
Depreciation			
At 1 January 2007	61,845	48,053	109,898
Charge for the year	11,115	7,802	18,917
At 31 December 2007	72,960	55,855	128,815
Net book value			
At 31 December 2007	23,155	11,001	34,156
At 31 December 2006	34,270	16,670	50,940

PANALYTICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

12 Stocks	2007 £	2006 £
Finished goods and goods for resale	<u>583,345</u>	<u>711,330</u>

13 Debtors	2007 £	2006 £
Trade debtors	841,606	1,115,071
Other debtors	46,336	49,001
Prepayments and accrued income	<u>48,419</u>	<u>45,528</u>
	<u>936,361</u>	<u>1,209,600</u>

14 Creditors, amounts falling due within one year	2007 £	2006 £
Bank loans and overdrafts	15,418	-
Trade creditors	68,656	5,108
Amounts owed to parent and fellow subsidiary undertakings	1,637,626	1,278,283
Corporation tax	12,487	217,147
Other taxes and social security costs	31,747	80,262
Other creditors	725,484	875,757
Accruals and deferred income	<u>62,324</u>	<u>60,996</u>
	<u>2,553,742</u>	<u>2,517,553</u>

The bank overdraft is secured by an inter group guarantee

PANALYTICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

15 Provisions for liabilities

	Warranty provision £
Balance at 1 January 2007	79,837
Profit and loss account	(7,809)
	<hr/>
Balance at 31 December 2007	<u>72,028</u>

Systems and parts are generally sold with one year warranty, however some are given an extended two year warranty. The provision for warranty costs is set at 2.5% of all UK systems and accessories by the regional CFO at Spectris plc.

16 Pension and other post-retirement benefit commitments

Defined benefit schemes

Until 31 March 2002, the company was a member of the Spectris Pension Plan scheme providing benefits based on final pensionable pay. As the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement Benefits' the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme.

The latest full actuarial valuation was carried out as at 31 December 2002 and was updated for FRS 17 purposes to 31 December 2003 by a qualified independent actuary.

The Spectris Pension Plan was closed to new members from 1 January 1996. The contribution for 2007 was £nil (2006 - £nil). Further details are set out in the accounts of Spectris plc.

Defined contribution schemes

Until 31 March 2002, the company participated in the Fairey Nuclear Limited defined contribution pension scheme operated by Spectris plc. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £nil in 2007 (2006 - £nil). Since 1 January 2003, the company participated in the PANalytical Limited defined contribution pension scheme operated by Spectris plc.

The pension cost for the period represents contributions payable by the company to the scheme and amounted to £39,339 (2006 - £67,347). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

PANALYTICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

17 Share capital	2007	2006
	£	£
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	100,000	100,000
	<u> </u>	<u> </u>
18 Statement of movements on profit and loss account		Profit and loss account
		£
Balance at 1 January 2007		1,166,530
Profit for the year		84,807
Dividends paid		(700,000)
		<u> </u>
Balance at 31 December 2007		551,337
		<u> </u>
19 Reconciliation of movements in shareholders' funds	2007	2006
	£	£
Profit for the financial year	84,807	389,770
Dividends	(700,000)	-
	<u> </u>	<u> </u>
Net (depletion in)/addition to shareholders' funds	(615,193)	389,770
Opening shareholders' funds	1,266,530	876,760
	<u> </u>	<u> </u>
Closing shareholders' funds	651,337	1,266,530
	<u> </u>	<u> </u>

20 Contingent liabilities

With other members of the Spectris Group, the company has guaranteed facilities made available to Spectris plc, in respect of which the following amounts were outstanding at 31 December 2007

Royal Bank of Scotland £3,700,000 (2006 - £3,600,000)

PANALYTICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

21 Financial commitments

At 31 December 2007 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2008

	Land and buildings		Other	
	2007	2006	2007	2006
	£	£	£	£
Operating leases which expire				
Within one year	47,013	-	83,330	15,731
Between two and five years	-	48,426	80,638	55,608
	<u>47,013</u>	<u>48,426</u>	<u>163,968</u>	<u>71,339</u>

22 Control

The company is a subsidiary of Spectris plc which is registered in England and Wales

The results of the company are consolidated in the financial statements of its ultimate parent undertaking, Spectris plc, registered in England and Wales. The consolidated accounts of the group are available to the public from Spectris plc, Station Road, Egham, Surrey, TW20 9NP. No other group accounts include the results of the company.

23 Related party transactions

As the company is a wholly owned subsidiary of Spectris plc, the company has taken advantage of the exemption contained in FRS8 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 22.