BURNFIELD LIMITED

Directors' report and financial statements

Year ended 31 December 2005

Registered number 1522736
Registered in England

Contents

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 industrial holding company.

Results and Dividends

The company made a profit after taxation in the year of £62,079,000 (2004: £12,620,000 loss).

Dividends of £10,500,000 were paid in the year (2004: £nil)

In the year the company sold its investments in subsidiary undertakings to another group company for proceeds of £56,740,000, giving rise to a profit of £38,079,000.

Directors

The directors who held office during the year were:

James Webster
Roger Stephens
Hans Nilsson (resigned 25/05/05)

Directors' interests

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

The interests of James Webster 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

Roger Stephens

Roger Stephens
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 Burnfield Limited

We have audited the financial statements of Burnfield 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.

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 £000**	2004 £000
Administrative expenses	5	**(228)**	(12,798)
Operating loss		**(228)**	(12,798)
Income from shares in group undertakings		**24,000**	-
Profit on sale of fixed asset investments	*6*	**38,079**	-
Interest receivable and similar charges	*7*	**246**	17
Interest payable and similar charges	*8*	**(24)**	(192)
Profit / (loss) on ordinary activities before taxation		**62,073**	(12,973)
Tax credit on profit / (loss) on ordinary activities	*9*	**6**	353
Profit / (loss) on ordinary activities after taxation		**62,079**	(12,620)

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
Fixed assets			
Investments in subsidiaries	*10*	-	18,661
		-	18,661
Current assets			
Cash		**29**	28
Debtors	*11*	**67,116**	474
		67,145	502
Current liabilities			
Creditors: amounts falling due within one year	*12*	-	(3,764)
Net current liabilities		**67,145**	(3,262)
Provisions for liabilities and charges	*13*	**(415)**	(248)
Net assets		**66,730**	15,151
Capital and reserves			
Called up share capital	*15*	**3,549**	3,549
Share premium account	*16*	**678**	678
Other reserves	*16*	**24,321**	24,321
Profit and loss account	*16*	**38,182**	(13,397)
Shareholders' funds		**66,730**	15,151

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

James Webster
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 either corresponding amounts or the current year financial statements as a result of adopting this standard. 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 18.

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 and the foreign exchange differences arising on translation are recognised in the profit and loss account.

Fixed Asset Investments
Investments in subsidiaries and other investments are stated at cost, less provision for any impairment in value.

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.

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.

Notes to the financial statements (continued)

4. Remuneration of employees

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

5. Administrative expenses

During the year, a review of the carrying value of investments was performed which resulted in an impairment charge of £nil (2004: £12,498,000) against the investment in Beta LaserMike Limited.

6. Profit on sale of fixed asset investment

	2005 £000	2004 £000
Profit on disposal of Malvern Instruments Limited	**38,079**	-
	38,079	-

7. Interest receivable and similar charges

	2005 £000	2004 £000
Interest receivable from group undertakings	**246**	17

8. Interest payable and similar charges

	2005 £000	2004 £000
Interest payable to group undertakings	-	(192)
Other interest payable	**(24)**	-
	(24)	(192)

9. Tax on profit/(loss) on ordinary activities

	2005 £000	2004 £000
Analysis of charge in the period		
UK Corporation Tax		
Current tax on income for the year at 30% (2004: 30%)	**(6)**	(145)
Adjustments in respect of prior periods	-	(208)
Tax credit on profit / (loss) on ordinary activities	**(6)**	(353)

The company carries forward non-trading tax losses of £8,671,000 at 31 December 2005. No deferred tax asset is recognised for these losses as there is insufficient evidence to support their future recoverability.

The current tax credit is lower (2004: lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2005	2004
Profit / (loss) on ordinary activities before tax	**62,073**	(12,973)
Current tax charge/(credit) at 30% (2004: 30%)	**18,622**	(3,892)
Expenses not deductible for tax purposes	-	3,750
Non taxable gains on disposal	**(11,424)**	-
UK dividends received not taxable	**(7,204)**	-
Timing differences	-	(3)
Adjustments to tax charge in respect of prior periods	-	(208)
Current tax credit	**(6)**	(353)

Notes to the financial statements (continued)

10. Fixed Asset Investments

	2005
Shares in group undertakings	**£000**
At cost	
At 1 January 2005	**31,159**
Disposals	**(31,159)**
At 31 December 2005	**-**
Provision	
At 1 January 2005	**12,498**
Disposals	**(12,498)**
At 31 December 2005	**-**
Net book value as at 31 December 2005	**-**
Net book value as at 31 December 2004	**18,661**

On 3rd October 2005 sold its 100% interest in Malvern Instruments Ltd and Beta Lasermike Ltd to another group company, for consideration of £56,740,000, such consideration being left outstanding as debt.

11. Debtors

	2005	2004
	£000	£000
Amounts owed by group undertakings	**67,036**	262
Prepayments and accrued income	**74**	67
Corporation tax	**6**	145
	67,116	474

12. Creditors - amounts falling due within one year

	2005	2004
	£000	£000
Amounts owed to group undertakings	-	3,690
Accruals and deferred income	-	74
	-	3,764

Notes to the financial statements (continued)

13. Provisions for liabilities and charges

	2005 £000	2004 £000
At 1 January 2005	**248**	10
Charged during the year	**268**	248
Utilised during the year	**(101)**	(10)
At 31 December 2005	**415**	248

Provisions outstanding relate to certain onerous lease contracts.

14. Contingent Liabilities

With other members of the Spectris Group, the company has guaranteed facilities made available to Spectrs plc, in respect of which the following amounts were outstanding at 31st December 2005:

Royal Bank of Scotland plc: £4,619,000 (2004: £4,893,000).

15. Share Capital

	Number of shares	£000
Authorised		
Ordinary shares of 10p each	50,000,000	5,000
Issued and fully paid		
Balance at 1 January and 31 December 2005	35,492,715	3,549

16. Reserves

	Share Premium £000	**Other Reserves** £000	**Profit and Loss** £000	**Total** £000
At 1 January 2005	678	24,321	(13,397)	11,602
Profit for the year	-	-	62,079	62,079
Dividends paid	-	-	(10,500)	(10,500)
At 31 December 2005	**678**	**24,321**	**38,182**	**63,181**

Other reserves relate to a Capital Redemption Reserve. The reserve was created by eliminating the company's Share Premium Account, and for the purpose of writing off goodwill on acquisition following the company's acquistion of Malvern Instruments in 1992. The reserve is non-distributable save in the event of liquidation of the company.

Notes to the financial statements (continued)

17. Reconcilation of movements in equity shareholders' funds

	2005 **£000**	2004 £000
Opening equity shareholders' funds	**15,151**	27,771
Profit/(loss) for the financial year	**62,079**	(12,620)
Dividends paid	**(10,500)**	-
Closing equity shareholders' funds	**66,730**	15,151

18. 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