

AMENDED

SERVOMEX LIMITED

Directors' report and financial statements

Year ended 31 December 2003

Registered number 1938746
Registered in England

Contents	Page
Directors' report	1
Statement of directors' responsibility	2
Report of the independent auditors to the members of Servomex Ltd	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 31 December 2003.

Activities

The principal activity of the company is that of a holding company.

Results and Dividends

The company made a profit of the year of £7,551,000 (2002: £487,000 loss).

The directors do not recommend the payment of a dividend (2002: £nil)

Directors

The directors who held office during the year were:

P V Boughton
H D Nilsson
J G Zacharias

Directors' interests

The directors had no beneficial interests in the share capital of the company at the year end, as it is a wholly owned subsidiary of Spectris plc.

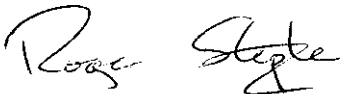
The interests of the directors in the shares of Spectris plc are shown in the financial statements of that company.

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



R. J. Stephens
Company Secretary
12 September, 2004

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

KPMG Audit Plc

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Independent auditors' report to the members of Servomex Limited

We have audited the financial statements on pages 4 to 12.

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

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended; and have been properly prepared in accordance with the Companies Act


KPMG Audit Plc

Chartered Accountants
Registered Auditor
12 September, 2004

Profit and Loss Account

For the year ended 31 December 2003

	<i>Note</i>	2003 £000	2002 £000
Administration Expenses	5	(160)	(397)
Other Income	5	7,820	-
Profit/(loss) on ordinary activities before interest		7,660	(397)
Interest payable and similar charges	6	(193)	(191)
Profit/(loss) on ordinary activities before taxation		7,467	(588)
Tax on profit on ordinary activities	7	84	101
Retained profit/(loss) for the financial year		<u>7,551</u>	<u>(487)</u>

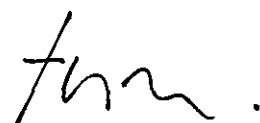
There were no recognised gains or losses in the period other than those which have been dealt with in the profit and loss account and accordingly a statement of total recognised gains and losses is not presented. All income arises from continuing activities.

Balance Sheet

As at 31 December 2003

	<i>Note</i>	2003 £000	2002 £000
Fixed assets			
Tangible assets	9	640	764
Investments in subsidiaries	10	<u>19,882</u>	<u>19,882</u>
		20,522	20,646
Current assets			
Debtors: amounts falling due within one year	11	2,032	1,837
Current liabilities			
Creditors: amounts falling due within one year	12	<u>(10,188)</u>	<u>(17,672)</u>
Net current assets		(8,156)	(15,835)
Provisions for liabilities and charges	13	<u>(54)</u>	<u>(50)</u>
Net Assets		<u>12,312</u>	<u>4,761</u>
Capital and reserves			
Called up share capital	15	517	517
Share premium account	16	2,087	2,087
Other reserves	16	2,256	2,256
Profit and loss reserves	16	7,452	(99)
Shareholders' Funds		<u>12,312</u>	<u>4,761</u>

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



J. G. Zacharias

Director

12 September, 2004

Notes to the financial statements

1. Accounting policies

Basis of accounting

The accounts are prepared in accordance with the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

Consolidation

Consolidated accounts have not been prepared for the company as it is a wholly owned subsidiary of Spectris plc, a parent undertaking registered in England, which has prepared consolidated accounts.

Foreign Currencies

Assets and liabilities recorded in foreign currencies are translated into sterling at the rates ruling at 31 December. Profit and loss accounts in foreign currencies are translated into sterling at the average rates applicable during the year or, where applicable, at the estimated sterling equivalent, taking account of further foreign exchange contracts.

Exchange adjustments arriving from the retranslation of opening net investments and from the translation of profits and losses are taken to reserves.

Exchange movements relating to borrowings that have been used to finance or provide a hedge against foreign equity investments are taken to reserves to the extent that they are matched by exchange movements on those investments, together with the taxation thereon.

Realised exchange differences arising on trading transactions are taken to the profit and loss account.

Tangible fixed assets

With the exception of freehold land, tangible fixed assets are depreciated at rates calculated to write off the original cost or subsequent valuation, less the estimated residual value, in equal instalments over the expected useful life of the assets concerned.

Depreciation is provided at the following rates on a straight line basis:

Freehold building	2%
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Fixed Asset Investments

Investments in subsidiaries and other investments are stated at cost, less provision for any permanent diminution 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.

Pension costs

In respect of the defined benefit pension plans, pension fund contributions are based on percentages of employees' wages and salaries in accordance with the recommendations of the scheme actuary. Contributions are charged to profit and loss account with variations due to a fund valuation surplus or deficiency apportioned over the average future service lives of the membership.

In the case of defined contribution plans, contributions are charged to the profit and loss account as incurred.

Notes to the financial statements continued

Cashflow statements

The company is a wholly owned subsidiary of Spectris plc and its cash flows are included in the consolidated group cash flow statement of Spectris plc. Consequently, the company is exempt under FRS 1 (Revised) from publishing a cash flow statement.

Related parties

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. The consolidated financial statements of Spectris plc, within which this company is included, can be obtained from the address given in note 18.

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. Operating profit / (loss)

Operating loss is stated after charging	2003	2002
	£000	£000
Depreciation	49	49
Additional pension costs	62	530

Other income in the year includes the waiver of intercompany debt and gain on foreign exchange.

6. Interest payable and similar charges

On borrowing repayable wholly within five years:	2003	2002
	£000	£000
Bank loans and overdrafts	129	99
Other loans	64	92
	<u>193</u>	<u>191</u>

Notes to the financial statements continued

7. Tax on loss on ordinary activities	2003	2002
	£000	£000
<i>UK Corporation Tax</i>		
Corporation tax on income for the year at 30% (2002: 30%)	(83)	(157)
Adjustments in respect of prior periods	(5)	6
	<hr/>	<hr/>
Total current tax charge/(credit)	(88)	(151)
Deferred tax	4	50
	<hr/>	<hr/>
Total charge/(credit)	<u>(84)</u>	<u>(101)</u>

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

Profit/(Loss) on ordinary activities before tax	<u>7,467</u>	<u>(588)</u>
Current tax charge/(credit) at 30% (2002: 30%)	2,178	(176)
Non deductible expenditure	24	23
Non taxable income	(2,281)	-
Timing differences	(4)	(4)
Adjustments to prior year tax charge	(5)	-
	<hr/>	<hr/>
Current tax charge/(credit)	<u>(88)</u>	<u>(157)</u>

8. Pension costs

The company participates in a multi-employer pension scheme (the Servomex Pension and Assurance Scheme) providing benefits based on final pensionable pay. Because the Company is unable to identify its share of the Scheme's assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 "Retirement Benefits" the Scheme is accounted for by the Company as if it were a defined contribution scheme. The Scheme had a deficit as 31 December 2003 of £5.35m deficit (2002: £3.95m deficit).

The latest full actuarial valuation was carried out as at 30 June 2002 and was updated for FRS 17 purposes to 31 December 2003 by an independent qualified actuary.

The Servomex Pension & Assurance Scheme is closed to new employees. Contributions payable by the company amounted to £nil for the year ended 31 December 2003 (2002 nil).

Further details are given in the accounts of Spectris plc.

Notes to the financial statements continued

9. Tangible fixed assets

	2003
<i>Cost:</i>	£000
At 1 January 2003	2,255
Disposals	(75)
At 31 December 2003	<u><u>2,180</u></u>
<i>Depreciation:</i>	£000
At 1 January 2003	1,491
Charge for the year	49
At 31 December 2003	<u><u>1,540</u></u>
<i>Net Book Value:</i>	£000
At 31 December 2003	640
At 31 December 2002	764

10. Fixed Asset Investments

	2003
	£000
Shares in Group Undertakings	
At 1 January 2003	19,882
Additions	<u>-</u>
	19,882
Disposals	<u>-</u>
At 31 December 2003	<u><u>19,882</u></u>

No provision for impairment of investments has been made. In the opinion of the directors the value of the company's interest in its subsidiaries is not less than the amount stated in the balance sheet.

Notes to the financial statements continued

The following are the group's principal subsidiary undertakings. They operate mainly in the countries of incorporation. All the subsidiaries are wholly owned by Servomex Limited through intermediate holdings

	Country of incorporation
Servomex Group Ltd	England
Servomex SA	France
Servomex GmbH	Germany
Servomex BV	Netherlands
Servomex Asia Pacific Limited	Taiwan
Servomex Overseas Ltd	England
Servomex UK Holdings Ltd	England
Servomex Holdings GmbH	Germany
Servomex Holdings BV	Netherlands
Servomex Holdings SAS	France

11. Debtors

	2003 £000	2002 £000
Amounts falling due within one year		
Amounts owed by group undertakings	1,646	1,648
Other debtors	303	26
Corporation tax	83	163
	<u>2,032</u>	<u>1,837</u>

12. Creditors

	2003 £000	2002 £000
Amounts falling due within one year		
Amounts owed to group undertakings	9,968	14,552
Bank loans and overdrafts	12	3,078
Accruals and deferred income	208	42
	<u>10,188</u>	<u>17,672</u>

13. Deferred tax liability

	2003 £000	2002 £000
The elements of deferred taxation are as follows:		
Difference between accumulated depreciation and capital allowances	54	50
	<u>54</u>	<u>50</u>

Notes to the financial statements continued

14. 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 31st December 2003:

Royal Bank of Scotland plc:	Nil	(2002 £56,385,000)
Royal Bank of Scotland plc:	£5,684,000	(2002: £7,318,000)

The company has been released from its guarantee in respect of Bank One NA (2002: £30,000,000)

15. Share Capital

	Number of shares 000s	£000
Authorised		
Ordinary shares of 5p each	<u>15,000</u>	<u>750</u>
Issued and fully paid		
Balance at 1 January and 31 December 2003	<u>10,339</u>	<u>517</u>

16. Reserves

	Share Premium £000	Other Reserves £000	Profit and Loss £000	Total £000
At 1 January 2003	2,087	2,256	(99)	4,244
Retained profit for the year	-	-	7,551	7,551
At 31 December 2003	<u>2,087</u>	<u>2,256</u>	<u>7,452</u>	<u>11,795</u>

Other reserves relates to a Capital Redemption Reserve and is non-distributable.

17. Reconciliation of movements in equity shareholders' funds

	2003 £000	2002 £000
Opening equity shareholders' funds	4,761	5,248
Profit/(Loss) for the financial year	7,551	(487)
Closing equity shareholders' funds	<u>12,312</u>	<u>4,761</u>

Notes to the financial statements continued

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