

Servomex Group Limited

**Directors' report and financial
statements**

Registered number 2170458

For the year ended

31 December 2010



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Directors' report

The directors present their report and the financial statements for the year ended 31 December 2010

Principal activities

The company's principal activity during the year continued to be the design, manufacture and distribution of industrial instruments for gas analysis

Business review

Due to improving market situations and the retention of key personnel during the downturn, there was a 10.4% increase in turnover achieved by increased sales notably in China, Japan and the Americas. Profitability was maintained by concentrating on maintaining margins and restricting increases in overhead cost.

On 31 December 2010 the Company purchased the Servomex Canada operation from the Spectris affiliate company Panalytical Inc. The manufacturing capability of the Canadian operation was successfully transferred to the UK Technical Centre during 2010 with the support of key personnel contracted from Canada.

The turnover for the year was £27,000,000 (2009 £24,591,000)

The profit on ordinary activities before taxation for the year was £3,153,000 (2009 £3,232,000)

The company has net assets of £13,904,000 (2009 £11,599,000)

Risk management

The key business risks and uncertainties affecting the company are considered to relate to international competition, 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 61 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 company continually seeks to improve product costs and control overheads to improve the profitability of the company.

Exchange risks

The company seeks to mitigate this risk through the provision of forward contracts. Contracts were put in place in 2009-10 for US Dollars, Euros and Japanese Yen. Inter Company invoices are settled within 30 days to reduce the currency risk between invoice date and settlement date.

Financial risks

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

Liability risks

There are no outstanding claims.

Dividends

The directors recommend that no dividend be paid (2009 Nil)

Directors' report *(continued)*

Directors

The directors of the company who served during the year are as follows

John O'Higgins #	CEO
Chris Cottrell	Managing Director
Tim Brammer	
Wayne Brazier	(resigned 19 October 2010)
James Hobby	
James MacFarlane	(appointed 4 January 2011)
Michael Proctor	
Clive Watson #	

The directors and their families have no beneficial interests in the ordinary share capital of the company

The directors marked (#) are also directors of the Company's ultimate holding company, Spectris plc. Their interest in the share capital of that company is stated in the annual report and financial statements of Spectris plc for the year ended 31 December 2010.

Policy and practice on payment of creditors

The company policy and practice is to pay suppliers in accordance with contractually negotiated terms. Extended terms have been agreed with our major suppliers, which means that Trade creditors at the year end amounted to 82 days of average supplies for the year (2009: 60 days).

Research and development

The company's products are regarded by the directors as advanced technology and as such require constant updating and renewal to remain competitive. It is the policy of the company to devote significant funds each year towards the exploitation of new technology within the industrial instrumentation field. The amount of this expenditure is given in note 3 to the financial statements.

Disclosure of information to auditors

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

Auditors

In accordance with s487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in office.

Directors' report *(continued)*

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 and applicable law (UK Generally Accepted Accounting Practice).

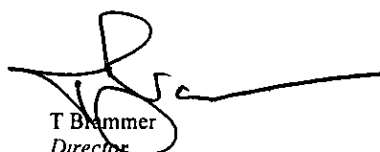
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

By order of the Board



T Blammer
Director

Jarvis Brook
Crowborough
TN6 3DU
9 September 2011



Independent auditor's report to the members of Servomex Group Limited

We have audited the financial statements of Servomex Group Limited for the year ended 31 December 2010 set out on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/private/cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Servomex Group Limited
(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



13 September 2011

M Sheppard (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

Profit and loss account
For the year ended 31 December 2010

	<i>Note</i>	2010 £000	£000	2009 £000	£000
Turnover	2		27,000		24,591
Change in stocks of finished goods and WIP		1,514		(229)	
Raw materials and consumables		(8,358)		(8,729)	
Staff costs	5	(9,109)		(7,156)	
Depreciation and other amounts written off tangible fixed assets	9	(642)		(644)	
Other operating charges		(7,235)		(4,473)	
			(23,830)		(21,231)
Operating profit			3,170		3,360
Net interest (payable)	6		(17)		(128)
Profit on ordinary activities before taxation			3,153		3,232
Tax on profit on ordinary activities	7		(884)		(771)
Profit for the financial year	16		2,269		2,461

All operations of the company are classed as continuing. There is no difference between the accounts prepared on an historic cost basis and those presented above.

The notes on pages 9 to 21 form part of these financial statements.

Statement of Total Recognised Gains and Losses
for the year ended 31 December 2010

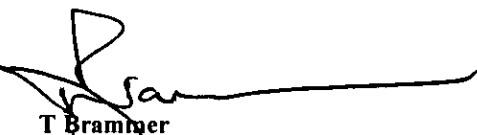
	2010 £000	2009 £000
Profit after tax for the financial year	2,269	2,461
Effective portion of changes in fair value of cashflow hedges, net of recycling	20	1,548
Tax on items taken directly to reserves	-	(433)
	<hr/>	<hr/>
Total recognised gains and losses relating to the financial year	2,289	3,576
	<hr/>	<hr/>

Balance sheet
As at 31 December 2010

	Note	2010 £000	2009 £000
Fixed assets			
Intangible fixed assets	8	2,555	-
Tangible fixed assets	9	10,033	9,798
		<u>12,588</u>	<u>9,798</u>
Current assets			
Stocks	10	3,655	2,141
Debtors	11	5,181	4,370
Cash at bank and in hand		1,216	1,497
		<u>10,052</u>	<u>8,008</u>
Creditors amounts falling due within one year	12	(8,506)	(5,748)
Net current assets		<u>1,546</u>	<u>2,260</u>
Total assets less current liabilities		<u>14,134</u>	<u>12,058</u>
Provisions for liabilities and charges	13	(230)	(459)
Net assets		<u>13,904</u>	<u>11,599</u>
Capital and reserves			
Called up share capital	15	4,426	4,426
Profit and loss account	16	9,437	7,168
Currency Hedging Reserve		19	(1)
Capital Contribution		22	6
Equity shareholders' funds	17	<u>13,904</u>	<u>11,599</u>

The notes on pages 9 to 21 form part of these financial statements

These financial statements were approved by the board of directors on 9 September 2011 and were signed on its behalf by


T Brammer
Director

Notes

(forming part of the financial statements)

1. Accounting policies

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

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 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

As 100% of the company's voting rights are controlled within the group by Spectris plc, the company has taken advantage of the exemption contained in Financial Reporting Standard 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 21

The financial statements have been prepared on a going concern basis which the Directors believe to be appropriate given the company's financial position at year end and the anticipated future profitability of the business

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Freehold buildings	-	40 years
Plant and machinery	-	3 to 10 years

No depreciation is provided on freehold land

Leases

Assets acquired under finance leases are capitalised and the outstanding future obligations are shown in creditors Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease

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 the group's goodwill is 7 years

Intangible fixed assets and amortisation

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably

Patents purchased by the Company are amortised to nil by equal annual instalments over their useful economic lives, generally their respective unexpired periods, of between 5 and 10 years

Notes (continued)

1. Accounting policies (continued)

Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Post-retirement benefits

The company participates in two pension schemes run by group companies, one a defined benefit scheme and the other a defined contribution scheme. Details of these schemes are given in the accounts of Spectris plc (see note 20).

The assets of the defined contribution scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the period.

The assets of the defined benefit 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 Financial Reporting Standard 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.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, a first in first out basis is used. For work in progress and finished goods the cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction (or, if hedged forward, at the rate of exchange under the related forward currency contract). Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included 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 Financial Reporting Standard 19.

Notes (continued)

1. Accounting policies (continued)

Share based payments

The share option programme allows employees to acquire shares of the parent company, Spectris plc. The fair value of options granted after 7 November 2002 and those not yet vested as at 31 December 2010 is recognised as an employee expense in the profit and loss account. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

2. Turnover

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

Analysis of Turnover

By activity	2010 £000	2009 £000
Analysers	21,535	20,512
Transducers	5,465	4,079
Total sales	27,000	24,591

The directors consider that it would be seriously prejudicial to the interests of the company to disclose turnover by geographical region.

3. Profit on ordinary activities before taxation

	2010 £000	2009 £000
<i>Profit on ordinary activities before taxation is stated</i>		
<i>After charging</i>		
Auditor's remuneration		
Audit of these financial statements	29	31
Hire of other assets - operating leases		
Land and buildings	-	13
Other	68	74
Research and development expenditure	1,902	1,670
Net Exchange gain/(loss)	13	(54)

Notes (continued)

4 Remuneration of directors

	2010 £000	2009 £000
Directors' emoluments	579	540

Remuneration of UK based directors not employed by the company in respect of their services to Servomex Group Limited is shown in the financial statements of Spectris plc together with details of employer pension contributions

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £149,000 (2009 £132,000) and company pension contributions of £11,000 (2009 £22,000) were made to a money purchase scheme

	Number of directors 2010	2009
Retirement benefits are accruing to the following number of directors under		
Defined benefit scheme	-	1
Defined contribution scheme	5	4
The number of directors who exercised share options was	5	4

5. Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees 2010	2009
Production and distribution	81	78
Other	87	82
	168	160

	2010 £000	2009 £000
The aggregate payroll costs of these persons were as follows		
Wages and salaries	7,328	5,836
Social security costs	793	672
Other pension costs	972	652
Share based payments	16	(4)
	9,109	7,156

Notes *(continued)*

6. Net interest (payable)

	2010	2009
	£000	£000
Net interest (payable)/receivable from third parties	(13)	16
Net interest (payable) from group companies	(4)	(144)
	<hr/>	<hr/>
Net interest (payable)	(17)	(128)
	<hr/>	<hr/>

Notes (continued)

7 Taxation

Analysis of charge in period

	2010 £000	£000	2009 £000	£000
<i>UK corporation tax</i>				
Current tax on income for the year	1,017		634	
Adjustments in respect of prior years	81		(89)	
	<hr/>		<hr/>	
Total current tax		1,098		545
<i>Deferred tax (see note 13)</i>				
Origination/reversal of timing differences	(223)		111	
Adjustment in respect of previous years	9		115	
	<hr/>		<hr/>	
Total deferred tax		(214)		226
		<hr/>		<hr/>
Tax on profit on ordinary activities		884		771
		<hr/>		<hr/>

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2009 lower) than the standard rate of corporation tax in the UK (28 0%, 2009 28 0%) The differences are explained below

	2010 £000	2009 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	3,153	3,232
	<hr/>	<hr/>
Current tax at 28 0% (2009 28 0%)	883	905
<i>Effects of</i>		
Expenses not deductible for tax purposes	18	4
Depreciation for period in excess of capital allowances	120	(50)
Other timing differences	103	(125)
Tax incentives	(107)	(100)
Adjustments to tax charge in respect of previous periods	81	(89)
	<hr/>	<hr/>
Total current tax charge (see above)	1,098	545
	<hr/>	<hr/>

Budget 2011 announced on 23 March 2011 proposes that the UK corporation tax rate will reduce by 2% to 26% from 1 April 2011 with a further three reductions of 1% in future years reducing the UK main rate of corporation tax to 23% from 1 April 2014 The first reduction in the UK corporation tax rate from 28% to 26% was substantively enacted on 29 March 2011 and will be effective from 1 April 2011 This will reduce the company's future current tax charge accordingly If the rate change from 28% to 26% had been substantively enacted on or before the balance sheet date it would have had the effect of reducing the deferred tax liability recognised at that date by £1,974

Notes (continued)

8. Intangible fixed assets

Group	Goodwill £000	Patents £000	Total £000
<i>Cost</i>			
At beginning of year	-	-	-
Acquired in business combination	2,241	314	2,555
	<hr/>	<hr/>	<hr/>
At end of year	2,241	314	2,555
	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>			
At beginning of year	-	-	-
Charged in year	-	-	-
Transfers between items	-	-	-
	<hr/>	<hr/>	<hr/>
At end of year	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2010	2,241	314	2,555
	<hr/>	<hr/>	<hr/>
At 31 December 2009	-	-	-

The Canadian company was acquired on 31 December 2010

The fair values of intangible assets acquired as part of a business are determined by independent valuation. Patents are amortised over 10 years, being the period until expiry of the legal rights.

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises. The goodwill acquired in the year was acquired by Spectris Group in 2007, and has been assessed as having a further 7 years of value to be amortised. See note 14 for further disclosure of business acquisitions.

Notes (continued)

9. Fixed assets

	Freehold land and buildings	Plant and machinery	Total
	£000	£000	£000
Cost			
At beginning of year	7,978	7,710	15,688
Additions	223	663	886
Disposals	-	(470)	(470)
At end of year	8,201	7,903	16,104
Depreciation			
At beginning of year	280	5,610	5,890
Charge for year	204	438	642
Disposals	-	(461)	(461)
At end of year	484	5,587	6,071
Net book value			
At 31 December 2010	7,717	2,316	10,033
At 31 December 2009	7,698	2,100	9,798

10. Stocks

	2010 £000	2009 £000
Raw materials and consumables	99	69
Work in progress	2,976	1,866
Finished goods and goods for resale	580	206
	3,655	2,141

11 Debtors

	2010 £000	2009 £000
Trade debtors	3,455	3,266
Amounts owed by group undertakings	1,272	879
Taxation and social security	199	16
Other debtors	59	18
Prepayments and accrued income	196	191
	5,181	4,370

Notes (continued)

12. Creditors: amounts falling due within one year

	2010 £000	2009 £000
Trade creditors	2,991	2,064
Amounts owed to group undertakings	3,405	1,941
Taxation and social security	1,195	956
Other creditors	102	79
Accruals and deferred income	813	708
	<u>8,506</u>	<u>5,748</u>

13. Provisions for liabilities and charges

	Product Warranty £000	Deferred Tax £000	Other Provisions £000	Total £000
At beginning of year	132	312	15	459
Charge/(credit) to the profit and loss for the year	-	(214)	(15)	(229)
At end of year	<u>132</u>	<u>98</u>	<u>-</u>	<u>230</u>

The elements of deferred taxation are as follows

	Asset at 1 Jan 2010 £000	Recognised In P&L £000	Liability at 31 Dec 2010 £000
Accelerated capital allowances	(404)	110	(294)
Short term timing differences	92	104	196
At end of year	<u>(312)</u>	<u>214</u>	<u>(98)</u>

Notes (continued)

14. Acquisitions

On 31 December 2010 the Company acquired all the assets of Servomex Canada. The resulting goodwill was capitalised and will be written off over 7 years as that is considered a fair approximation of the useful economic life remaining.

	Book value £000	Fair Value Adjustments £000	Fair value £000
Fixed assets			
Intangible	-	314	314
Current assets			
Stock	-	-	-
Debtors	1	-	1
Investments	-	-	-
Cash	52	-	52
Total assets	<u>53</u>	<u>314</u>	<u>367</u>
Creditors	<u>(1,486)</u>	<u>1,263</u>	<u>(223)</u>
Total liabilities	<u>(1,486)</u>	<u>1,263</u>	<u>(223)</u>
Net assets	<u>(1,433)</u>	<u>1,577</u>	<u>144</u>
Goodwill			2,241
Purchase consideration and costs of acquisition			<u>2,385</u>

The acquired undertaking made a profit of £575,000 from the beginning of its financial year to the date of acquisition. In its previous financial year commencing on 31st December 2009 the profit was £160,000.

Patents were not valued in the acquired balance sheet but have been independently valued on acquisition.

The acquired book values included an earn out provision for the previous owners. This is no longer required and has been released in the above adjustments.

Notes (continued)

15. Called up share capital

	2010 £000	2009 £000
<i>Authorised</i>		
Equity Ordinary shares of £1 each	5,000	5,000
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
Equity Ordinary shares of £1 each	4,426	4,426
	<u> </u>	<u> </u>

16. Reserves

	Capital contribution reserve £000	Currency Hedge reserve £000	Profit and loss account £000	Total £000
At beginning of year	6	(1)	7,168	7,173
Profit for the year	-	-	2,269	2,269
Movement in Share Save Scheme	16	-	-	16
Movement in Currency Hedge	-	20	-	20
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At end of year	22	19	9,437	9,478
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

17. Reconciliation of movement in equity shareholders' funds

	2010 £000	2009 £000
Profit for the financial year	2,269	2,461
Other recognised gains and losses	20	1,115
Capital contribution from Spectris plc	16	(4)
Opening shareholders' funds	11,599	8,027
	<u> </u>	<u> </u>
Closing shareholders' funds	13,904	11,599
	<u> </u>	<u> </u>

The capital contribution relates to the share based payment charge arising from the grant of options by Spectris Plc to employees of the company. Further details of the share option arrangements are provided in the accounts of Spectris Plc.

Notes (continued)

18. Contingent liabilities

The company has outstanding bank guarantees at 31 December 2010 to the value of £665,000 (2009 £808,000)

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 2010

Royal Bank of Scotland £3,500,000 (2009 £3,300,000)

19 Commitments

a) Capital commitments at the end of the financial year for which no provision has been made, are as follows

	2010 £000	2009 £000
Contracted	42	808

b) Annual commitments on operating leases are

	2010 Land and buildings £000	Other £000	2009 Land and buildings £000	Other £000
Operating leases which expire				
Within one year	-	4	-	10
In the second to fifth years inclusive	-	39	-	38

20. Pension commitments

The company participates in a multi-employer pension scheme (the Spectris Pension Plan) 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 Financial Reporting Standard 17 'Retirement Benefits' the Scheme is accounted for by the company as if it were a defined contribution scheme.

The Servomex Pension and Assurance Scheme was closed to all employees as at 31 December 2009. All existing members were invited to join the defined contribution scheme instead. Contributions payable by the company amounted to £626,000 for the year ended 31 December 2010 (2009 £486,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

Spectris plc operates a defined contribution pension plan, membership of which is available to the qualifying UK employees of group companies. Contributions payable by the company to the plan amounted to £345,000 for the year ended 31 December 2010 (2009 £165,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

Further details are given in the accounts of Spectris plc.

Notes *(continued)*

21. Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Spectris plc incorporated in the UK

The largest and smallest group in which the results of the company are consolidated is that headed by Spectris plc. The directors consider that Spectris plc is the ultimate parent company. Copies of the accounts of that company can be obtained from Spectris plc, Station Road, Egham, Surrey, TW20 9NP.