

Oxford Instruments Analytical Holdings Limited

**Directors' report and financial
statements**

Registered number 4068014

31 March 2006

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Contents

Directors' report	1
Statement of directors' responsibilities	3
Report of the independent auditors to the members of Oxford Instruments Analytical Holdings Limited	4
Balance sheet	6
Notes	7

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2006.

Principal activity and business review

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

Dividend

The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors who held office during the year were as follows:

CJA Holroyd
 AP Davies
 M Lamaison

The directors who held office at the end of the financial year had no interests in the shares of the company, according to the register of directors' interests.

M Lamaison is also a director of the ultimate holding company, and his interests in the shares and his share option holdings are disclosed in the accounts of that company, Oxford Instruments plc.

The other directors had interests in the shares of the ultimate holding company, Oxford Instruments plc at the year end:

	2006	2005
CJA Holroyd	24,561	24,561
AP Davies	1,592	1,592

The other directors' interests in options under the Senior Executive Long Term Incentive Scheme (SEIS), the Executive Share Option Schemes 1995 and 2001 (ESO) and the Savings Related Share Option Schemes 1995 (SAYE) were:

	Scheme	31 March 2006	Number of options during the year				Exercise price	Date for earliest exercise	Date for latest exercise
			Lapsed	Exercised	Granted	31 March 2005			
AP Davies	SAYE	1,275	-	-	1,275	0	£2.02	01/02/11	31/07/11
	SAYE	1,201	-	-	-	1,201	£1.65	01/02/10	31/07/10
	SAYE	1,159	-	-	-	1,159	£1.64	01/02/09	31/07/09
	SAYE	517	-	-	-	517	£1.27	01/02/08	31/07/08
	SAYE	710	-	-	-	710	£1.77	01/02/07	31/07/07
	SAYE	1,019	-	-	-	1,019	£1.39	01/02/06	31/07/06
	ESO	7,500	-	-	7,500	0	£2.19	15/07/08	14/07/15
	ESO	7,000	-	-	-	7,000	£2.18	15/07/07	15/07/14
	ESO	10,000	-	-	-	10,000	£1.875	15/07/06	15/07/13
	ESO	0	9,000-	-	-	9,000	£2.22	15/07/05	14/07/12
	ESO	2,000	-	-	-	2,000	£1.96	21/12/01	20/12/08
	ESO	2,500	-	-	-	2,500	£3.58	26/06/00	25/06/07
	ESO	0	3,000-	-	-	3,000	£4.13	28/11/98	27/11/05

Directors' report (continued)

Directors and directors' interests (continued)

Scheme	31 March 2006	Number of options during the year				Exercise price	Date for earliest exercise	Date for latest exercise
		Lapsed	Exercised	Granted	31 March 2005			
CJA Holroyd	SAYE			699	0	£2.14	01/02/09	31/07/09
	SAYE	-	-	-	649	£1.75	01/02/08	31/07/08
	SAYE	-	-	-	636	£1.74	01/02/07	31/07/07
	SAYE	-	-	-	280	£1.35	01/02/06	31/07/06
	SEIS	-	-	20,000	0	Nil	15/12/08	14/12/12
	ESO	-	-	40,000	0	£2.19	15/07/08	14/07/15
	ESO	-	-	-	50,000	£2.18	15/07/07	14/07/14
	ESO	-	-	-	50,000	£1.875	15/07/06	15/07/13
	ESO	67,000	-	-	67,000	£2.22	15/07/05	14/07/12
	ESO	(79,500)	53,000	-	79,500	£1.585	29/09/11	29/09/11

Disclosure of information to auditors

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

Auditors

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually at an AGM and KPMG Audit Plc will therefore continue in office.

By order of the board



J L Young
 Secretary

Old Station Way
 Eynsham
 Oxfordshire
 OX29 4TL

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.

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 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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

2 Cornwall Street
Birmingham
B3 2DL
United Kingdom

Report of the independent auditors to the members of Oxford Instruments Analytical Holdings Limited

We have audited the financial statements of Oxford Instruments Analytical Holdings Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account and 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 3, the company's directors are responsible for the preparation of the financial statements in accordance with 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 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 judgments 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.

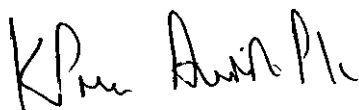
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

**Independent auditors' report to the members of Oxford Instruments
Analytical Holdings Limited *(continued)***

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 March 2006 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

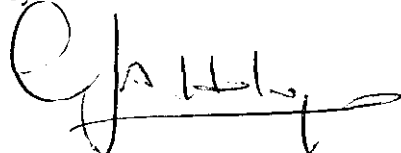
13 June 2006

Balance sheet
at 31 March 2006

	<i>Note</i>	2006 £	2005 £
Fixed assets			
Investments	4	21,300,413	21,300,413
		<hr/>	<hr/>
		21,300,413	21,300,413
Current assets			
Cash		1	1
		<hr/>	<hr/>
Net assets		21,300,414	21,300,414
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	5	2	2
Share premium reserve	6	21,300,412	21,300,412
		<hr/>	<hr/>
Shareholders' funds - equity		21,300,414	21,300,414
		<hr/>	<hr/>

During the financial year and the preceding financial year the company did not trade and received no income and incurred no expenditure. Consequently during those years the company made neither a profit or a loss. There has been no movement in shareholders' funds during the year. The company had no recognised gains or losses either in 2006 or 2005. There were no acquisitions or discontinued operations within the company during 2006 and 2005.

These financial statements were approved by the board of directors on 13 June 2006 and were signed on its behalf by:



CJA Holroyd
 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 (FRS) 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. The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

As the company is a wholly owned subsidiary of Oxford Instruments 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 Oxford Instruments plc, within which this company is included, can be obtained from the address given in note 7.

Going concern

The Financial Statements have been prepared on a going concern basis, based on the Directors' opinion, after making reasonable enquiries, that the Company has adequate resources to continue in operational existence for the foreseeable future.

2 Remuneration of directors

The directors receive no remuneration for their roles as directors of the company. The aggregate emoluments of the directors are borne by other entities within the Oxford Instruments plc group, being Oxford Instruments Analytical Limited and Oxford Instruments plc, the holding company.

3 Staff numbers and costs

With the exception of the directors, the company has no employees.

4 Investments

	2006 £	2005 £
Cost and net book value		
At beginning and end of period	21,300,413	21,300,413

Notes (continued)

4 Investments (continued)

The undertakings in which the company has an interest at the period end are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held	
<i>Subsidiary undertakings</i>				
Oxford Instruments Analytical Limited	England and Wales	Advanced instrumentation	100%	Ordinary
Oxford Instruments NanoAnalysis Limited*	England and Wales	Dormant	100%	Ordinary
Oxford Instruments Measurement Systems GmbH (Wiesbaden)*	Germany	Advanced instrumentation	100%	Ordinary
Oxford Instruments Plasma Technology Limited	England and Wales	Advanced instrumentation	100%	Ordinary

* - investment held by Oxford Instruments Analytical Limited

5 Called up share capital

	2006 £	2005 £
<i>Authorised</i>		
100 ordinary £1 shares	100	100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
2 ordinary £1 shares	2	2
	<hr/>	<hr/>

6 Share premium reserve

	2006 £	2005 £
At beginning and end of period	21,300,412	21,300,412
	<hr/>	<hr/>

7 Ultimate parent company

The ultimate parent company is Oxford Instruments plc, a company registered in England and Wales. This is the only company in the group that prepares consolidated financial statements. These are available to the public and may be obtained from Oxford Instruments plc's head office at Old Station Way, Eynsham, Witney, Oxon, OX29 4TL, England.