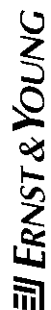


923986

## Bruker BioSpin Limited

Report and Financial Statements

31 December 2005

 ERNST & YOUNG



# Bruker BioSpin Limited

Registered No: 923986

## Directors

D Schmalbein  
R F Ladbury  
V I P Jones

## Secretary

R F Ladbury

## Registered Office

Banner Lane  
Coventry  
CV4 9GH

## Auditors

Ernst & Young LLP  
No. 1 Colmore Square  
Birmingham  
B4 6HQ

## Bankers

Barclays Bank plc  
West Midlands Corporate Banking Centre  
P.O. Box 5960  
15 Colmore Row  
Birmingham  
B3 2ED

## Solicitors

Newsome Vaughan  
Greyfriars House  
Greyfriars Lane  
Coventry  
CV1 2GW

## Directors' report

The directors submit their report and the financial statements of Bruker BioSpin Limited for the year ended 31 December 2005.

### Results and dividends

The group trading profit for the year, after taxation was £774,843 (2004: £598,114). During the year dividends have been paid totally £300,000 in respect of 2004 (2004: £350,000). Since the year end the directors have paid a dividend of £1,000,000 on 20 April 2006 in respect of 2005.

### Principal activity

The principal activities of the group during the year were the manufacture and distribution of scientific instruments and the hydrostatic extrusion of non-ferrous metal composites.

### Review of the business and future developments

A strong opening order book, combined with steady sales success has produced a positive advance in sales revenue and profitability. Continuing investment in product capability and performance will maintain the Company's position at the leading edge, whilst the priority given to customer support will continue to enhance the available sales opportunities.

### Research and development

The group maintains a research and development centre. In the opinion of the directors, continuity of investment in this area is essential for the maintenance of the group's market position and for future growth.

### Financial instruments

The group did not participate in any form of hedging transactions during the current financial year. Also, the group did not use forward exchange contracts relating to foreign currency transactions as the group purchases the majority of goods from fellow group companies. Therefore, all foreign currency risk is incurred by the company.

There are no other material exposure of the group relating to price risk, credit risk, liquidity risk and cash flow risk which is material for the assessment of the assets, liabilities, financial position and profit of the group.

### Directors and their interests

The following directors have held office during the year.

R F Ladbury  
Dr D Schmalbein (Chairman)  
V I P Jones

None of the directors held a beneficial interest in the shares of the company at 31 December 2005, or at any time during the year.

### Auditors

The directors have an elective resolution in place which dispenses with the need to hold an Annual General Meeting and appoint auditors annually.

By order of the board



R F Ladbury  
Secretary

Dated 14 August 2006

## Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

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 of the company for that year. 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; 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 to 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.

# Independent auditors' report

## to the members of Bruker BioSpin Limited

We have audited the group's financial statements for the year ended 31 December 2005, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Total Recognised Gains and Losses, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement and the related notes 1 to 23. These financial statements have been prepared on the basis of 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 directors and auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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 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.

### 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 and the group'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 provisions of the Companies Act 1985.

*Ernst & Young LLP*

Ernst & Young LLP

Registered Auditor

Birmingham

Dated 18 August 2006

## Consolidated profit and loss account

for the year ended 31 December 2005

	Notes	2005 £	2004 £
<b>Turnover</b>	2	13,340,980	11,801,988
Cost of sales		9,259,171	8,163,804
<b>Gross profit</b>		4,081,809	3,638,184
Administrative expenses		3,043,044	2,961,756
<b>Operating profit</b>	3	1,038,765	676,428
Bank interest receivable		84,081	82,184
<b>Profit on ordinary activities before taxation</b>	2	1,122,846	758,612
Tax on profit on ordinary activities	6	348,003	160,498
<b>Profit for the financial year</b>	16	774,843	598,114

Details of dividends paid during the year are set out in note 7 to the financial statements.

## Consolidated statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £774,843 attributable to the shareholders for the year ended 31 December 2005 (2004: £598,114).

# Consolidated balance sheet

at 31 December 2005

	Notes	2005 £	Restated 2004 £
<b>Fixed assets</b>			
Tangible assets	8	2,016,591	1,950,253
Investments	9	1	1
		<u>2,016,592</u>	<u>1,950,254</u>
<b>Current assets</b>			
Stocks	10	4,767,599	4,922,488
Debtors - falling due within one year	11	4,128,409	3,057,237
Cash at bank and in hand		4,778,333	5,904,942
		<u>13,674,341</u>	<u>13,884,667</u>
<b>Creditors: amounts falling due within one year</b>	12	9,987,667	10,602,338
<b>Net current assets</b>		<u>3,686,674</u>	<u>3,282,329</u>
<b>Total assets less current liabilities</b>		<u>5,703,266</u>	<u>5,232,583</u>
<b>Provisions for liabilities and charges</b>	14	111,516	115,676
		<u>5,591,750</u>	<u>5,116,907</u>
<b>Capital and reserves</b>			
Called up share capital	15	1,000,000	1,000,000
Profit and loss account	16	4,591,750	4,116,907
<b>Equity shareholders' funds</b>	16	<u>5,591,750</u>	<u>5,116,907</u>



R F Ladbury  
Director

Dated 14 August 2006

# Company balance sheet at 31 December 2005

	Notes	2005 £	Restated 2004 £
<b>Fixed assets</b>			
Tangible assets	8	1,879,938	1,794,500
Investments	9	101	101
		<u>1,880,039</u>	<u>1,794,601</u>
<b>Current assets</b>			
Stocks	10	4,521,632	4,653,920
Debtors - falling due within one year	11	4,036,758	3,006,176
- falling due after one year	11	610,781	552,720
Cash at bank and in hand		4,626,671	5,770,756
		<u>13,795,842</u>	<u>13,983,572</u>
<b>Creditors: amounts falling due within one year</b>	12	9,972,515	10,544,540
<b>Net current assets</b>		<u>3,823,327</u>	<u>3,439,032</u>
<b>Total assets less current liabilities</b>		<u>5,703,366</u>	<u>5,233,633</u>
<b>Provisions for liabilities and charges</b>	14	111,516	115,676
		<u>5,591,850</u>	<u>5,117,957</u>
<b>Capital and reserves</b>			
Called up share capital	15	1,000,000	1,000,000
Profit and loss account	16	4,591,850	4,117,957
<b>Equity shareholders' funds</b>	16	<u>5,591,850</u>	<u>5,117,957</u>



R F Ladbury  
Director

Dated 14 August 2006



## Consolidated cash flow statement

for the year ended 31 December 2005

	Notes	2005 £	2004 £
<b>Net cash (outflow)/inflow from operating activities</b>	17(a)	(395,257)	4,366,366
<b>Returns on investments and servicing of finance</b>	17(b)	84,081	82,184
<b>Taxation</b>		(231,425)	(283,487)
<b>Capital expenditure and financial investment</b>	17(b)	(284,008)	(20,464)
<b>Equity dividends paid</b>		(300,000)	(350,000)
<b>(Decrease)/increase in cash in the year</b>		<u>(1,126,609)</u>	<u>3,794,599</u>

### Reconciliation of net cash flow to movement in net funds

	Notes	2005 £	2004 £
(Decrease)/increase in cash in the year	17(c)	(1,126,609)	3,794,599
Net funds at 1 January	17(c)	5,904,942	2,110,343
Net funds at 31 December	17(c)	<u>4,778,333</u>	<u>5,904,942</u>

## Notes to the financial statements

at 31 December 2005

### 1. Accounting policies

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards.

#### *Basis of consolidation*

The consolidated financial statements incorporate those of Bruker BioSpin Limited and all of its subsidiary undertakings for the year. All financial statements are made up to 31 December 2005.

#### *Prior year adjustment*

In preparing the financial statements for the current year the company has adopted FRS 21 "Events after the balance sheet date". FRS 21 prohibits the recognition of a liability to pay dividends unless there is a legal liability at the balance sheet date. The proposed dividends at 31 December 2004 had not been approved by the Directors and therefore were not a liability at that time. The accounts for the year ended 31 December 2004 have been restated to reflect the timing of payment of the dividends. This has no impact on the current year profit.

#### *Research and development*

All research and development costs are written off as incurred.

#### *Tangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation.

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Freehold buildings	5%
Plant and machinery	20%
Motor vehicles	25%
Computer equipment	20% and 33.33%

#### *Stocks and work in progress*

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Net realisable value is based upon estimated selling prices less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow moving items.

Demonstration stock is written off to the profit and loss account evenly over its expected useful life of three years.

#### *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 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.

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 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.

#### *Foreign currencies*

Assets and liabilities denominated in foreign currencies are translated at the rate 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 the profit and loss account.

## Notes to the financial statements

at 31 December 2005

### 1. Accounting policies (continued)

#### Operating lease agreements

Rental payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

#### Pension contributions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

#### Warranty provision

Provision is made for liabilities arising in respect of warranty claims.

### 2. Turnover and profit on ordinary activities before taxation

Turnover represents goods sold and services provided, net of value added tax, in respect of contracts accepted by customers. Amounts invoiced on account of contracts that are not accepted are included in deferred income.

The group's turnover and profit before taxation were all derived from its principal activities as shown below:

	Turnover 2005 £	Profit before taxation 2005 £	Turnover 2004 £	Profit/(loss) before taxation 2004 £
Manufacture and distribution of scientific equipment	12,423,283	1,373,865	10,947,043	945,733
Hydrostatic extrusion of non-ferrous metal composites	917,697	(251,019)	854,945	(187,121)
	<u>13,340,980</u>	<u>1,122,846</u>	<u>11,801,988</u>	<u>758,612</u>

Sales were made in the following geographical markets:

	2005 £	2004 £
United Kingdom	12,480,298	11,003,452
Rest of Europe	782,024	754,531
Rest of World	78,658	44,005
	<u>13,340,980</u>	<u>11,801,988</u>

### 3. Operating Profit

	2005 £	2004 £
Operating profit is stated after charging/(crediting):		
Rent receivable (net of outgoings)	(7,456)	(5,200)
Profit on disposal of tangible fixed assets	(3,450)	(14,799)
Depreciation on owned assets	221,120	266,247
Auditors' remuneration:		
audit fees	25,150	23,900
non-audit services	11,780	11,440
Operating lease rentals - other	48,967	30,852
Net (Profit)/loss on foreign currency translation	(173,994)	84,755

## Notes to the financial statements

at 31 December 2005

### 4. Staff costs

	2005 £	2004 £
Wages and salaries	1,928,940	1,916,490
Social security costs	201,987	199,661
Other pension costs (see note 18)	77,941	72,719
	<u>2,208,868</u>	<u>2,188,870</u>

	2005 No.	2004 No.
The average monthly number of persons (including directors) employed by the company during the year was:		
Service	24	24
Manufacturing	17	15
Administration	19	17
Selling and distribution	14	14
	<u>74</u>	<u>70</u>

### 5. Directors' remuneration

	2005 £	2004 £
Emoluments	<u>236,836</u>	<u>223,340</u>
Company contributions paid to money purchase pension schemes	<u>10,381</u>	<u>10,231</u>

	2005 No.	2004 No.
Members of defined contribution pension schemes	<u>2</u>	<u>2</u>

Amounts in respect of the highest paid director are as follows:

	2005 £	2004 £
Emoluments	<u>140,380</u>	<u>129,051</u>
Company contributions paid to money purchase pension schemes	<u>6,063</u>	<u>6,083</u>

## Notes to the financial statements

at 31 December 2005

### 6. Tax on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2005 £	2004 £
<i>Current tax:</i>		
UK corporation tax	338,381	177,318
Group relief	28,426	65,081
Adjustments in respect of prior periods	681	(9,358)
Total current tax (note 6(b))	367,488	233,041
<i>Deferred tax</i>		
Origination and reversal of timing differences	(19,485)	(72,543)
Tax on profit on ordinary activities	348,003	160,498

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2004: 30%). The differences are reconciled below:

	2005 £	2004 £
Profit on ordinary activities before taxation	1,122,846	758,612
Profit on ordinary activities multiplied by standard rate of tax	336,853	227,584
Expenses not deductible	7,048	5,558
Depreciation in excess of capital allowances	22,906	9,257
Adjustments in respect of prior periods	681	(9,358)
Total current tax (note 6 (a))	367,488	233,041

## Notes to the financial statements

at 31 December 2005

### 6. Tax on ordinary activities (continued)

#### (c) Deferred tax

The movements in deferred taxation during the current and previous years are as follows:

	2005	Group 2004	2005	Company 2004
	£	£	£	£
At 1 January	(75,146)	(2,603)	(88,711)	(16,035)
Movement in the year (note 6(a))	(19,485)	(72,543)	(18,932)	(72,676)
At 31 December	(94,631)	(75,146)	(107,643)	(88,711)

Deferred taxation assets provided in the accounts are as follows:

	2005	Group 2004	2005	Company 2004
	£	£	£	£
Excess of depreciation over tax allowances	94,631	75,146	107,643	88,711

### 7. Dividends

	2005	Restated 2004
	£	£
Ordinary shares		
Final paid	300,000	350,000

Since the year end the directors have paid a dividend of £1,000,000 on 20 April 2006 in respect of 2005.

## Notes to the financial statements

at 31 December 2005

### 8. Tangible fixed assets

	<i>Freehold land and buildings</i>	<i>Plant and machinery</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£
<i>Group</i>				
Cost:				
At 1 January 2005	3,034,606	2,737,878	299,344	6,071,828
Additions	179,180	88,435	19,843	287,458
Disposals	-	-	(26,212)	(26,212)
At 31 December 2005	3,213,786	2,826,313	292,975	6,333,074
Depreciation:				
At 1 January 2005	1,324,748	2,546,701	250,126	4,121,575
Charged in the year	98,190	78,892	44,038	221,120
Disposals	-	-	(26,212)	(26,212)
At 31 December 2005	1,422,938	2,625,593	267,952	4,316,483
Net book value:				
At 31 December 2005	1,790,848	200,720	25,023	2,016,591
At 31 December 2004	1,709,858	191,177	49,218	1,950,253

Included within freehold land and buildings is land at a cost of £1,064,912 (2004: £1,064,912) which is not depreciated.

## Notes to the financial statements

at 31 December 2005

### 8. Tangible fixed assets (continued)

	<i>Freehold land and buildings</i>	<i>Plant and machinery</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£
<i>Company</i>				
Cost:				
At 1 January 2005	2,734,606	1,795,522	280,024	4,810,152
Additions	179,180	85,845	19,843	284,868
Disposals	-	-	(26,212)	(26,212)
At 31 December 2005	2,913,786	1,881,367	273,655	5,068,808
Depreciation:				
At 1 January 2005	1,153,632	1,631,214	230,806	3,015,652
Charged in the year	85,019	70,373	44,038	199,430
Disposals	-	-	(26,212)	(26,212)
At 31 December 2005	1,238,651	1,701,587	248,632	3,188,870
Net book value:				
At 31 December 2005	1,675,135	179,780	25,023	1,879,938
At 31 December 2004	1,580,974	164,308	49,218	1,794,500

Included within freehold land and buildings is land at a cost of £1,028,332 (2004: £1,028,332) which is not depreciated.

### 9. Fixed assets investments

	2005	2004
	£	£
<i>Group</i>		
Cost and net book value:		
Shares in other undertakings	1	1
	2005	2004
	£	£
<i>Company</i>		
Cost and net book value:		
Shares in subsidiary and other undertakings	101	101



## Notes to the financial statements

at 31 December 2005

### 9. Fixed assets investments (continued)

Interests in subsidiary and other undertakings are as follows: -

<i>Name of company and country of incorporation and operation</i>	<i>Description of shares held</i>	<i>Proportion of nominal value of shares held</i>	<i>Principal activity</i>
Hydrostatic Extrusions Limited (incorporated in England and operating in Scotland)	100 ordinary shares of £1 each	100%	Extrusion of metals
Oxford Research Systems Limited (Incorporated in England)	1 ordinary share of £1	50%	Dormant

### 10. Stocks

	<i>Group</i>		<i>Company</i>	
	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Raw materials and consumables	345,159	304,308	175,656	122,336
Work in progress	3,216,363	3,256,540	3,186,790	3,229,843
Demonstration stocks	166,749	203,679	166,749	203,679
Finished goods for resale	1,039,328	1,157,961	992,437	1,098,062
	<u>4,767,599</u>	<u>4,922,488</u>	<u>4,521,632</u>	<u>4,653,920</u>

The difference between purchase price or production costs of stocks and their replacement cost is not material.

### 11. Debtors

Amounts falling due within one year:

	<i>Group</i>		<i>Company</i>	
	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Trade debtors	3,573,161	2,583,973	3,469,239	2,521,121
Amounts owed by group undertakings	371,394	346,951	371,394	346,951
Deferred taxation (note 6(c))	94,631	75,146	107,643	88,711
Prepayments and accrued income	89,223	51,167	88,482	49,393
	<u>4,128,409</u>	<u>3,057,237</u>	<u>4,036,758</u>	<u>3,006,176</u>

## Notes to the financial statements

at 31 December 2005

### 11. Debtors (continued)

Amounts falling due after more than one year:

	<i>Group</i>		<i>Company</i>	
	2005	2004	2005	2004
	£	£	£	£
Amounts owed by group undertakings	-	-	610,781	552,720
	-	-	610,781	552,720

### 12. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	2005	<i>restated</i> 2004	2005	<i>restated</i> 2004
	£	£	£	£
Trade creditors	241,512	139,185	168,065	50,262
Amounts owed to group undertakings	1,163,504	3,796,279	1,237,522	3,852,548
Corporation tax	238,381	102,318	238,381	102,318
Other taxation and social security costs	245,825	105,155	242,948	106,006
Accruals and deferred income	8,098,445	6,459,401	8,085,599	6,433,406
	9,987,667	10,602,338	9,972,515	10,544,540

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### 13. Obligations under leases and hire purchase contracts

Annual commitments under non-cancellable operating leases are as follows:

<i>Group and Company</i>	<i>Assets other than land and buildings</i>	
	2005	2004
	£	£
Operating leases which expire:		
In one year	3,169	7,580
In two to five years	45,798	43,282
	48,967	50,862

## Notes to the financial statements

at 31 December 2005

### 14. Provisions for liabilities and charges

	2005	Group 2004	2005	Company 2004
	£	£	£	£
<i>Warranty provision:</i>				
At 1 January 2005	115,676	100,038	115,676	100,038
Profit and Loss Account movement during the year	(4,160)	15,638	(4,160)	15,638
At 31 December 2005	<u>111,516</u>	<u>115,676</u>	<u>111,516</u>	<u>115,676</u>

A provision is recognised for expected warranty claims on goods sold during the last year. It is expected that this expenditure will be incurred in the next financial year in accordance with the terms of the company standard warranty agreement.

### 15. Share capital

<i>Group and Company</i>	2005	2004
	£	£
Authorised:		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, issued and fully paid:		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

### 16. Reconciliation of shareholders' funds

	Share capital £	Profit and loss account £	Total £
<i>Group</i>			
At 1 January 2004			
- As previously reported	1,000,000	3,518,793	4,518,793
- Prior year adjustment (note 1)	-	350,000	350,000
At 1 January 2004 as restated	<u>1,000,000</u>	<u>3,868,793</u>	<u>4,868,793</u>
Profit for the year	-	598,114	598,114
Dividend	-	(350,000)	(350,000)
At 31 December 2004	<u>1,000,000</u>	<u>4,116,907</u>	<u>5,116,907</u>
Profit for the year	-	774,843	774,843
Dividend	-	(300,000)	(300,000)
At 31 December 2005	<u>1,000,000</u>	<u>4,591,750</u>	<u>5,591,750</u>

# Notes to the financial statements

at 31 December 2005

## 16. Reconciliation of shareholders' funds (continued)

	Share capital £	Profit and loss account £	Total £
<i>Company</i>			
At 1 January 2004			
- As previously reported	1,000,000	3,520,333	4,520,333
- Prior year adjustment (note 1)	-	350,000	350,000
At 1 January 2004 as restated	1,000,000	3,870,333	4,870,333
Profit for the year	-	597,624	597,624
Dividend	-	(350,000)	(350,000)
At 31 December 2004	1,000,000	4,117,957	5,117,957
Profit for the year	-	773,893	773,893
Dividend	-	(300,000)	(300,000)
At 31 December 2005	1,000,000	4,591,850	5,591,850

Shareholders' funds are entirely attributable to equity interests.

## 17. Notes to the statement of cash flows

	2005 £	2004 £
(a) Reconciliation of operating profit to net cash flow from operating activities		
Operating profit	1,038,765	676,428
Depreciation on tangible fixed assets	221,120	266,247
Profit on sale of fixed assets	(3,450)	(14,799)
Decrease/(increase) in stocks	154,889	(2,241,580)
(Increase)/decrease in debtors	(1,051,687)	307,717
(Decrease)/increase in creditors	(750,734)	5,356,715
(Decrease)/increase in warranty provision	(4,160)	15,638
Net cash (outflow)/inflow from operating activities	(395,257)	4,366,366
(b) Analysis of cash flows for headings netted in the cash flow		
<i>Returns on investments and servicing of finance</i>		
Interest received	84,081	82,184
<i>Capital expenditure and financial investment</i>		
Purchase of tangible fixed assets	(287,458)	(39,664)
Sale of tangible fixed assets	3,450	19,200
	(284,008)	(20,464)

## Notes to the financial statements

at 31 December 2005

### 17. Notes to the statement of cash flows (continued)

(c) Analysis of net debt

	At 1 January 2005 £	Cash flow £	At 31 December 2005 £
Cash at bank and in hand	5,904,942	(1,126,609)	4,778,333

### 18. Pensions commitments

The company operates a defined contribution pension scheme whose assets are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group and amounted to £77,941 (2004: £72,719). The group's accrued pension contributions at the year-end amounted to £nil (2004: £nil).

### 19. Capital commitments

Amounts contracted for but not provided in the accounts amounted to £nil (2004: £nil) for the group and the company.

### 20. Ultimate parent company and controlling party

The company is a wholly owned subsidiary of Bruker BioSpin Invest AG at 31 December 2005, a company incorporated in Switzerland.

The company regards this entity as its immediate and ultimate parent undertaking and controlling party and is the smallest and largest group at which the company is a member and for which group accounts are prepared. A copy of the group financial statements are available from

Gotthardstrasse 18  
6304 Zug  
Switzerland

### 21. Related party transactions

Transactions and outstanding balances with our group undertakings which are disclosable under FRS8 Related Party Disclosures are as follows:-

	Sales		Purchases	
	2005 £	2004 £	2005 £	2004 £
Bruker BioSpin GmbH	-	-	5,844,030	6,585,886
Bruker BioSpin Corp.	30,170	26,346	(29,774)	56,520
Bruker Elektronik GmbH	-	-	412,659	160,658
Bruker BioSpin AB	-	3,619	5,138	-
Bruker BioSpin MRI Corp	-	5,097	-	-
Bruker BioSpin SA	-	-	58,643	133,700
Bruker BioSpin AG	1,065	-	1,538,388	1,875,460
Bruker Daltonics Inc.	-	-	-	-
Bruker BioSpin MRI Limited	64,476	-	-	-
Bruker Daltonics Limited	183,603	-	400,797	94,000
Bruker AXS Limited	36,068	-	-	-
Bruker Optics Limited	184,066	-	-	-
Bruker BioSpin Srl	14,844	261	-	-
Bruker BioSpin NV	-	-	-	-
Bruker BioSpin MRI GmbH	15,099	-	25,810	4,776
Bruker BioSpin Canada	188	-	-	-

## Notes to the financial statements

at 31 December 2005

### 21. Related party transactions (*continued*)

	<i>Debtors</i>		<i>Creditors</i>	
	2005	2004	2005	2004
	£	£	£	£
Bruker BioSpin GmbH	-	1,949	897,838	3,582,468
Bruker BioSpin Corp.	30,909	33,450	19,700	53,645
Bruker Elektronik GmbH	-	-	41,193	46,362
Bruker BioSpin MRI Corp	-	5,162	-	-
Bruker BioSpin SA	-	-	4,514	23,438
Bruker BioSpin AG	-	3,869	170,945	-
Bruker BioSpin MRI Limited	310,081	298,452	28,425	84,933
Bruker Daltonics Limited	27,911	-	-	-
Bruker Optics Limited	412,683	-	-	-
Bruker BioSpin AB	-	3,619	-	-
Bruker BioSpin Srl	15,153	450	-	-
Bruker BioSpin NV	-	-	-	-
Bruker BioSpin MRI GmbH	15,251	-	889	5,433
Bruker AXS Limited	38,915	-	-	-

The above companies are related by virtue of having common owners.

### 22. Financial commitments

Bruker BioSpin Limited has confirmed that it will support the operations of its subsidiary Hydrostatic Extrusions Limited, for twelve months from the date of signing of these accounts when the scale of financial support will be reviewed. During this period the company will not seek repayment of monies owing to it.

### 23. Company profit and loss account

As permitted by s230 Companies Act 1985, the company has not presented its own profit and loss account. The profit after tax (before dividends) dealt with in the accounts of the parent company was £773,893 (2004: £597,624).