

**Oxford Instruments Superconductivity Holdings
Limited**

**Directors' report and financial
statements**

Registered number 4068071

31 March 2005



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2005.

Principal activity and business review

The principal activity of the company is that of a holding company. The company does not trade.

Dividend

The directors do not recommend the payment of a dividend (2004: nil).

Directors and directors' interests

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

AJ Mackintosh (resigned 10 January 2005)
 S McQuillan (resigned 18 January 2005)
 M Lamaison (appointed 10 January 2005)
 MS Russell

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 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:

	2005	2004
MS Russell	4,464	2,901

The other directors' interests in options under the Senior Executive Long Term Incentive Scheme (SELTIS), the Executive Share Option Schemes 1985, 1995 and 2001 (ESO) and the Savings Related Share Option Schemes 1985 and 1995 (SAYE) and in Individual Options were:

		Number of options during the year							
	Scheme	31 March 2005	Lapsed	Exercised	Granted	31 March 2004	Exercise price	Date for earliest exercise	Date for latest exercise
MS Russell	SAYE	649	-	-	649	-	£1.75	01/02/08	31/07/08
	SAYE	636	-	-	636	636	£1.74	01/02/07	31/07/07
	SAYE	280	-	-	-	280	£1.35	01/02/06	31/07/06
	SAYE	935	-	-	-	935	£1.77	01/02/07	31/07/07
	SAYE	1,699	-	-	-	1,699	£1.39	01/02/06	31/07/06
	SAYE	-	-	(1,563)	-	1,563	£1.77	01/02/05	31/07/05
	ESO	5,000	-	-	5,000	-	£2.18	15/07/07	15/07/14
	ESO	7,000	-	-	-	7,000	£1.875	15/07/06	15/07/13
	ESO	7,500	-	-	-	7,500	£2.22	15/07/05	14/07/12
	ESO	4,000	-	-	-	4,000	£1.945	24/12/02	23/12/09
	ESO	4,000	-	-	-	4,000	£1.96	21/12/01	20/12/08
	ESO	4,500	-	-	-	4,500	£3.58	26/06/00	25/06/07
	ESO	7,500	-	-	-	7,500	£4.13	28/11/98	27/11/05

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

A handwritten signature in dark ink, appearing to read 'DL Gorham', with a long, sweeping horizontal stroke extending to the right.

DL Gorham
Secretary

Old Station Way
Eynsham
Oxfordshire
OX29 4TL

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

2 Cornwall Street
Birmingham
B3 2DL

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

We have audited the financial statements on pages 5 to 7.

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 3, 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 March 2005 and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

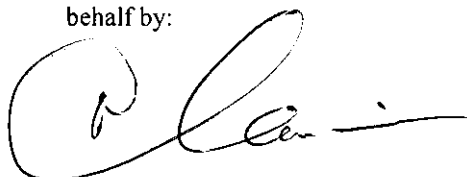
3 June 2005

Balance sheet
at 31 March 2005

	<i>Note</i>	2005 £	2004 £
Fixed assets			
Investments	4	450,000	350,000
		<hr/>	<hr/>
		450,000	350,000
Current assets			
Cash		1	1
		<hr/>	<hr/>
Net assets		450,001	350,001
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	5	100,002	2
Share premium reserve	6	349,999	349,999
		<hr/>	<hr/>
Shareholders' funds - equity		450,001	350,001
		<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. The company had no recognised gains or losses either in 2005 or 2004. During the year shareholder's funds increased as a result of the issue of 100,000 new £1 ordinary shares –see note 5. There were no acquisitions or discontinued operations within the company during 2005 and 2004.

These financial statements were approved by the board of directors on 3 June 2005 and were signed on its behalf by:



M Lamaison
 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 Superconductivity Limited and Oxford Instruments plc, the holding company.

3 Staff numbers and costs

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

Notes (continued)

4 Investments

	2005 £	2004 £
At beginning and end of period	350,000	350,000
Additions	100,000	-
	<hr/>	<hr/>
At beginning and end of period	450,000	350,000
	<hr/>	<hr/>

During the year the company subscribed for 100,000 ordinary shares of £1 each in Oxford Instruments Molecular Biotools Ltd. During the year Oxford Instruments Molecular Biotools Ltd acquired the entire share capital of Resonance Instruments Ltd. Details of that acquisition are included within the accounts of Oxford Instruments Molecular Biotools Ltd.

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 Superconductivity Limited	England and Wales	Advanced instrumentation	100%	Ordinary
Oxford Instruments Molecular Biotools Ltd	England and Wales	Advanced instrumentation	100%	Ordinary
Resonance Instruments Ltd	England and Wales	Dormant	100%	Ordinary

5 Called up share capital

	2005 £	2004 £
<i>Authorised</i>		
100,100 ordinary £1 shares	100,002	100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
100,002 ordinary £1 shares	100,002	2
	<hr/>	<hr/>

On 15 September 2004 the year the company increased its authorised share capital to 100,100 shares and issued a further 100,000 shares at par to its holding company.

6 Share premium reserve

	2005 £	2004 £
At beginning and end of period	349,999	349,999
	<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.