Oxford Instruments plc

Reports and Financial Statements 2010

OXFORD INSTRUMENTS

The Business of Science®

Oxford Instruments aims to pursue responsible development and deeper understanding of the world through Science & Technology

As one of the first commercial spin-out companies from Oxford University, this vision has been at the heart of our business for over 50 years. We use innovation to turn smart science into world-class products that support research and industry to address the great challenges of the 21st Century.

Group Results

Year ended 31 March	**2010** **£m**	2009 £m
Orders	**250.0**	204.2
Revenue	**211.5**	206.5
Trading profit	**14.7**	13.1
Adjusted profit before tax (note 1)	**11.9**	11.1
Net borrowings	**(10.4)**	(28.3)
Equity	**52.2**	61.9

	2010 **pence per share**	2009 pence per share
Total basic earnings	**27.2**	(13.9)
Adjusted earnings	**17.8**	14.8
Proposed dividends	**8.4**	8.4
Net assets	**105.3**	125.4

Employees at year end *	**1,389**	1,449

* Includes temporary employees.

2010 Financial Highlights

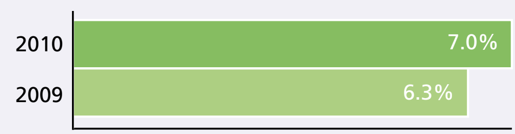
Group Orders
£250.0m +22%

Revenue
£211.5m +2%

Adjusted Profit Before Tax
£11.9m +7%

Adjusted EPS
17.8p +20%

Trading Profit. Return on Sales (%)
7.0% +70 basis points



Contents

Oxford Instruments

Today Oxford Instruments supplies tools that detect heavy metal pollution more effectively than has ever been done before. Our hand-held, X-ray Fluorescence analysers are in high demand all over the world for RoHS and WEEE compliance testing and quality control, and our benchtop analysers are used extensively to analyse petroleum for low sulphur content.

The world needs to protect its limited energy resources. Oxford Instruments is supplying tools used in the manufacture of High Brightness light emitting diodes, which offer the possibility of lighting so efficient that if adopted widely would make significant cuts in worldwide CO_2 emissions.

There is also an urgent need to develop new forms of energy, which do not contribute to global warming. Today Oxford Instruments is providing plasma etch and deposition equipment to the developers of photovoltaic devices who are seeking to produce cost effective solutions for turning sunlight into electricity. Oxford Instruments is also working with international agencies on the ITER programme which seeks to find new ways of generating carbon free energy.

Our innovative range of liquid helium free cryogenic systems are used in fundamental physics research into cutting edge applications, such as quantum information processing, which is widely predicted to be the basis of a new generation of ultra fast computers required for applications such as financial security, climate modeling and drug development.

This year Oxford Instruments was named as one of the UK's top 500 Business Superbrands. Our brand shapes how we work. We meet our customers' needs through advanced technology and service, and we do so with passion, with care and with pace. That is what enables us to help shape the future.

Revenue by Market Sector

Nanotechnology Tools

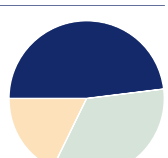
This sector comprises our highest technology assets and serves customers who are working at the frontiers of technology.
Nanoanalysis: tools for precise chemical and structural analysis using an electron microscope.
NanoScience: equipment for experimental research in the areas of very low temperature and very high magnetic fields.
Plasma Technology: nanofabrication tools for the manipulation of materials at the smallest level.

External Sector Revenue

£101.5 m

Proportion of Group revenue

48.0%



Industrial Products

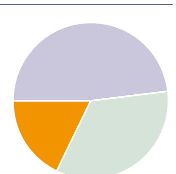
This sector offers more mature products to industrial users, which require efficient production engineering and low cost sourcing and manufacturing.
Industrial Analysis: equipment for industrial quality control and environmental monitoring and compliance testing.
Superconducting Wire: Leading provider of superconducting wire for MRI scanners and research.
Magnetic Resonance: Tools for the analysis of industrial and food products, particularly oils and fats.

External Sector Revenue

£71.0m

Proportion of Group revenue

33.6%



Service

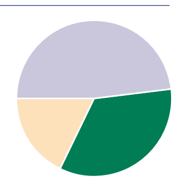
This sector consists of our MRI service businesses, Austin Scientific and the service elements of the Nanotechnology Tools and Industrial Products sectors.
MRI Service: provides service and support to the MRI industry, offering magnet service in North America and Japan.
Austin Scientific: manufactures, services and refurbishes high quality vacuum pumps, helium compressors and cold heads for the semiconductor, medical and research sectors.

External Sector Revenue

£39.0m

Proportion of Group revenue

18.4%

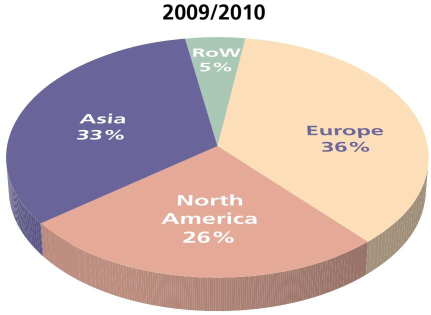


Diverse End Markets

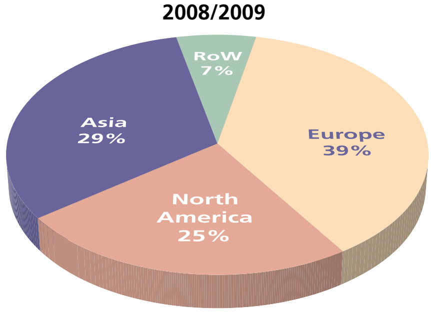
- Research & Academia
- Life Sciences
- Environment
- Metal/Construction
- Semicon/IT
- Energy

Diverse Geographies

2009/2010



2008/2009



Chairman's Statement

Highlights

- Broad spread of customers and geographical markets has insulated us from the worst effects of the recession
- We are reporting both revenue and profits growth
- Efficiency improvements and new products will deliver further growth

Key Information

Earnings per Share

17.8p +20%

Dividend per ordinary share

8.4p

Our strategy is to generate shareholder value by being a leading provider of tools and systems used by customers who need to analyse and manipulate matter at the smallest scale. This covers both research and industrial markets and we operate in all regions around the world. This broad spread of customers and geographical markets has served to insulate us from the worst effects of the recession.

Despite the economic downturn, the Group performed well during the year. Revenue rose to £211.5 million (2009: £206.5 million) and adjusted profit before tax increased to £11.9 million (2009: £11.1 million). Adjusted earnings per share grew 20% to 17.8 pence supported by the strong underlying result and a lower tax charge of 27% (2009: 35%). Net debt reduced in the year by £17.9 million to £10.4 million.

In 2006 we announced a five year objective to double the size of the business and improve our margins significantly. We are now reporting on the fourth year of the plan. Recent recessionary pressures have inevitably impacted the timing, but we continue to make progress against this objective.

In the year just ended we had not predicted year on year growth; we expected efficiency improvements to be balanced by pricing pressure and market share gains to be balanced by declines in market size. Whilst industrial sales improved gradually through the year as we had predicted, research markets displayed faster than expected growth. As a result we are reporting both revenue and profits growth.

The Group is recommending a final dividend of 6 pence, bringing the total for the year to 8.4 pence (2009: 8.4 pence).

It has been a challenging year for our people. They have faced the uncertainties of the economic downturn and internal austerity measures and they have delivered against demanding targets. I thank each of them for their hard work and dedication.

The restructuring in 2008/09 and the new product technologies introduced in the past year served to ensure that we continued to perform to shareholder expectations. Now that global markets are recovering, we are confident these efficiency improvements and new products will deliver further growth against our objectives in the current year and form a strong foundation from which we can deliver long term shareholder value.

Nigel Keen Chairman
15 June 2010

EXPERTISE

We believe people make the difference

We use innovation to turn smart science into world class products

We listen and engage

We approach what we do with passion, with care and with pace

We are innovative and progressive

We build long term relationships based on trust and respect

Chief Executive's Statement

Highlights

- Continued growth in our research markets, particularly in Asia, and a strengthening of sales to the industrial markets we serve
- Increased demand in all regions in the second half of the year
- The Group's innovative products benefit the environment

Key Information

Order in-take

£250m

Order Book

£102 m

Sales per Head

+17%

We pursue responsible development and deeper understanding of the world through science and technology. Innovation has always been at the heart of our culture and new products closely linked to customer needs, have been pivotal to our growth this year.

Oxford Instruments uses innovation to turn smart science into world class commercial products, meeting our customers' needs for advanced technological and service solutions. This strategy has enabled us to deliver improved profits and revenues this year. Notable features of our success have been continued growth in our research markets, particularly in Asia, and a strengthening of sales to the industrial markets we serve.

This growth has been realised through product introductions delivered by a more focused R&D programme which has allowed us to reduce our R&D spend without compromising our development objectives.

During the second half of the year we saw a recovery in those industrial markets which had been hit hardest by recession and we have maintained our market share. We continue to make progress against our margin improvement objectives. Trading Profit margins improved to 7.0% through efficiency improvements and economies of scale, which have counteracted the pricing pressures we have seen in certain areas.

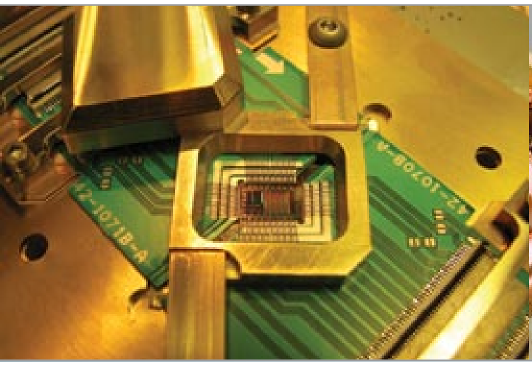
Our order book grew to £102 million. Order in-take in the year was £250 million, a record for Oxford Instruments. This position was helped by the large contracts awarded to us in August and September 2009 by ITER, a multinational collaborative programme to prove the viability of a new form of carbon free energy production. Excluding ITER, order in-take increased by £5.4 million over the prior year.

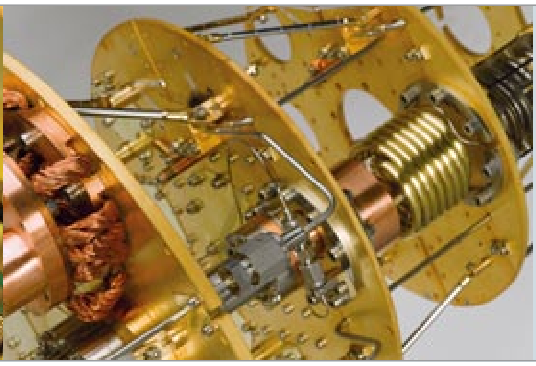
During the year, we saw growth in the USA, and strong growth in Asia, offsetting some softness in the European markets. However, we experienced increased demand in all regions in the second half of the year. Our global reach continues to be one of our greatest strengths, with less than 5% of our turnover going to end-users in the UK.

Emerging markets continue to offer excellent opportunities for the Group. We are maintaining our focus on developing our sales in China, India, Russia and Latin America. Investment by industry and governments in Asia in high technology research has meant a significant increase in demand for our tools and systems. We had an excellent year in China with orders up by 30% and sales from our factory in Shanghai up 210%. Indian markets also grew significantly, albeit from a smaller base. We experienced difficult trading conditions in Russia as a result of government cuts to research funding, but our business in the region is now beginning to show prospects of growth.

In response to the global downturn in industrial markets in the autumn of 2008 we initiated a restructuring programme which was completed in May 2009. This resulted in a reduction in headcount and the closure of two operating sites. This was achieved without significant loss of the skill base or reduction in turnover. As a result we saw an increase in Group sales per head of 17%. All businesses in the Group are now contributing profitably.

In the light of market conditions and difficulties in making accurate valuations through the recession, we did not make any acquisitions in the year. However, going forward the corporate environment is stabilising and we will assess appropriate acquisition targets to further our growth agenda.





People

Our staff responded well to the issues presented by the global recession. Last year we introduced a Group wide pay freeze in addition to enacting a number of other austerity measures. This year in line with many other UK companies we have announced proposals to close our UK and US Defined Benefit Pension schemes to future accrual. Our employees have faced this challenging environment with understanding and commitment. They have delivered against demanding targets and they have my respect and my thanks.

Sustainability

The Group is committed to using resources (including managing its travel requirements) efficiently in order to minimise the effect of its operational processes on the environment and in particular we have set the objective of reducing our global energy usage, relative to turnover, by 5% year on year. In 2009/10 we reduced our global electricity consumption by 6% when compared with the previous year.

Many of the Group's innovative products benefit the environment. For example our new cryogen free products which are used to create very cold environments have replaced the use of liquid helium which is a dwindling, non-renewable resource. Our products used to fabricate high brightness light emitting diodes (HBLEDs) and photovoltaic cells help reduce energy consumption. The biggest contribution to the environment may come with the progress towards fusion power where the Group is supplying superconducting wire which is a key component for the ITER project, which aims to provide a clean source of energy.

Outlook

This year we have seen the full benefit of our new product introductions of the last four years and the efficiency savings and cost reductions achieved in 2009. Our research markets are robust globally and show good growth which we expect to continue, particularly in Asia. Our industrial markets are showing clear signs of improvements and have now returned to close to their pre-recession levels.

These factors give us confidence that the current year will deliver further growth and form a strong foundation from which we can deliver long term shareholder value.

Jonathan Flint
Chief Executive
15 June 2010

Top left: *Quantum processing. Image courtesy of D-Wave Inc.*
Top middle: *Triton200, dilution refrigerator with integrated high field superconducting magnet (Winner of The Queen's Award for Enterprise:Innovation 2010).*
Top right: *Benchtop NMR.*

Bottom left: *Rock core analysis with Benchtop NMR.*
Bottom middle: *Photovoltaics: next generation solar panels.*
Bottom right: *Nanofabrication tools.*

Operational Review

Highlights

- **Nanotechnology Tools Sector**
  Revenue £101.8 million
  Trading Profit £8.2 million
- **Industrial Products Sector**
  Revenue £72.1 million
  Trading Profit £1.0 million
- **Service Sector**
  Revenue £39.0 million
  Trading Profit £5.5 million

Nanotechnology Tools

The Nanotechnology Tools sector comprises our NanoAnalysis, NanoScience and Plasma Technology businesses. These businesses produce our highest technology products and serve research customers in both the public and private sectors. Revenues were £101.8 million up 8% on last year and Trading Profit was £8.2 million (2009: £8.6 million), principally as a result of our continued progress in the plasma technology area despite facing pricing pressures.

Our NanoAnalysis business produces analysis tools which give precise chemical and structural data to users of electron microscopes. Our X-Max energy dispersive spectrometer, which incorporates novel large area silicon drift technology, continues to lead the market. With X-Max our customers can obtain data, on samples with greater sensitivity than any other product on the market. X-Max is used for example, in the semiconductor and electronics industries to detect defects caused by nano-scale particles. Markets for this business, which were weak in the first half of the year as customers delayed investment in capital equipment, strengthened markedly in the second half supported by increased research in the semi-conductor and nanotechnology sectors. Electron microscope unit sales are expected to rise over the next few years with the introduction of a new class of electron microscopes, which are able to sit on the bench top. These are smaller and more cost effective than floor mounted instruments and we are well positioned with the major manufacturers to ensure that our equipment also captures a significant share of this new market.

Our NanoScience business produces equipment for experimental research in the areas of very low temperature and very high magnetic fields. This business has shown good growth and improved efficiency this year. This has been achieved as a result of the restructuring programme in the prior year, supported by a sequence of successful new product introductions. In particular, the Triton200 product has generated sales above our expectations and has a strong order book. Triton enables our customers to reach the extremely low temperatures necessary for research in the physical sciences with far greater ease than ever before. As a result of the success of this product, NanoScience was a winner of a 2010 Queen's Award for Enterprise. This business has unique technical skills, useful to a number of new and emerging industries. Our new consultancy business within NanoScience offers access to our knowledge base in the creation of very high magnetic fields and very low temperatures and generates higher margins through the effective use of our world renowned expertise in these areas.

Our Plasma Technology business provides nanotechnology fabrication tools which are used to manipulate materials at the smallest level. These tools are used in research and advanced manufacturing applications. The business performed well in the year supported by strong research funding worldwide. The high brightness light emitting diode (HBLED) market continues to grow rapidly, driven by the need for backlighting flat screen television and computer displays. We manufacture equipment which is used in the fabrication of HBLEDs. As a result of this market opportunity we have increased our investment in sales and distribution for these products. The attractive nature of the HBLED market has resulted in pricing pressure from competitors anxious to maintain market share in this growing area. We have also seen increased sales of our ion beam products which are used to build up substrates at the molecular level. This increase has been driven by increasing applications for new sensors.

In 2008 our acquisition of Technology and Devices International Inc. brought to the Group a unique technology for Hydride Vapour Phase Epitaxy (HVPE) which offers an opportunity to produce

HBLEDs using a new and more efficient process. We plan for prototypes to be with our customers later in the year. This new process will allow us to provide our customers with a new tool which is complementary to those we already produce and sell.

Industrial Products

The Industrial Products sector contains our Industrial Analysis, Superconducting Wire, and Magnetic Resonance businesses. Revenue dropped to £72.1 million (2009: £75.5 million), reflecting a full year of difficult trading conditions for Industrial Analysis. Trading Profit in this sector rose to £1.0 million (2009: £1.3 million loss) as a result of the efficiency measures implemented in the previous year.

Our Industrial Analysis business produces analytical equipment for industrial quality control and environmental monitoring. We continue to commit to the growing opportunity in hand-held instrumentation. We add value for customers by taking lab-based technologies and bringing them into the workplace, as shown by our investment in portable Optical Emission Spectroscopy and Hand-Held X-ray fluorescence analysers. For example our Foundry Master Pro Optical Emission Spectroscopy instrument allows our customers to analyse steel components in situ. The Industrial Analysis business had a much improved second half, with the result benefitting from the restructuring programme. We are now seeing sustained, though gradual, improvement in demand from our industrial customers.

Our Superconducting Wire business is the world leader in the provision of wire for the MRI scanner market. It also provides very high specification superconducting wire to customers in the research field. Following a slow start to the year, demand for MRI wire strengthened significantly during the second half. In August 2009 we signed a contract with the European arm of the ITER procurement programme, to provide €40.7 million worth of superconducting wire over 3 years. In September 2009 we signed a contract to provide a further US$7.7 million worth of superconducting wire to the US arm of ITER procurement. Significant investment has been made to increase capacity to cope with the additional throughput. This has been fully funded by a pre-payment from the customer.

Our Magnetic Resonance business produces bench top equipment which can be used to analyse industrial and food products, particularly oils and fats. This business has shown good growth, illustrated by a new contract to supply a large number of analysers to a Turkish agricultural cooperative to measure the oil content in sunflower seeds. We are also the leading provider of magnetic resonance analytical tools for the petrochemical industry which provides data used to improve the efficiency of oil extraction.

Service

This sector consists of our MRI Service businesses in North America and Asia, our Austin Scientific business, and the service elements of Nanotechnology Tools and Industrial Products. Turnover was £39.0 million (2009: £37.9 million) and Trading Profit was £5.5 million (2009: £5.8 million).

The MRI Service businesses provide service and support to the MRI industry, offering magnet service, parts and accessories predominantly in North America and in Japan. The number of MRI systems which we service in North America increased during the year; we were also successful in expanding our helium-fill services to customers, which is a new growth area. In Japan we were successful in increasing the number of service contracts and made significant progress in expanding our technical support in a number of other Asian countries.

Our Austin Scientific business manufactures, services and refurbishes high quality cryogenic vacuum pumps, helium compressors and cold heads for customers in the semiconductor, medical and research sectors. A recovery in the marketplace in the second half of the year and internal efficiency improvements resulted in improved profitability.

Service revenues in Nanotechnology Tools fell slightly as a percentage of sales due to the decision taken to concentrate on the sale of new products rather than the refurbishment and sale of pre-owned Plasma Technology machines. In Industrial Products, service revenues increased relative to total sales as more service contracts were sold as market confidence began to return.

Top left: *Positive Material Identification with XRF and OES.*
Top middle: *Optical Emission Spectrometer.*
Top right: *Minerals analysis using XRF.*

Financial Review

Highlights

- Adjusted earnings per share of 17.8 pence (+20%)
- Reduction in net debt of £17.9m
- Restructuring programme has resulted in annualised savings of £11.0 million
- Underlying tax rate of 27%

Key Information

Revenue

£211.5m +2.4%

Trading profit

£14.7m +12.2%

Reduction in net debt

£17.9m

Trading Performance
Revenues for the year grew by 2.4% to £211.5 million (2009: £206.5 million). Growth was aided by favourable foreign exchange rates (£7.7 million) but impacted by adverse pricing, which we estimate to be £2.0 million, and a slight reduction in underlying volumes (£0.7 million).

Despite pricing pressure as a result of the economic downturn and an adverse sales mix due to the outperformance of our lower margin NanoScience business, gross margins only fell from 43.9% to 42.8% aided by efficiency improvements.

Trading profit increased by £1.6 million to £14.7 million (2009: £13.1 million), giving a 7.0% margin (2009: 6.3%). Of the growth in the year, net operating efficiencies contributed £4.2 million and favourable exchange rates a further £2.7 million. These gains were offset by £2.0 million adverse pricing, £3.0 million adverse mix and £0.3 million resulting from the downturn in volume.

As explained below, at the start of a financial year, the Group seeks to have 80% of its 12 month forecast foreign exchange transactional exposure hedged to give a high degree of certainty to the foreign exchange rates it will achieve. Due to the weakness in sterling during the year, the hedged rate was less favourable than spot rates. As a result trading profit was impacted by a loss on the settlement of currency hedges of £6.7 million in the year (2009: £8.3 million). Had the Group not hedged its foreign exchange exposure, trading profit margins would have been 10.1%.

Reported operating expenses fell by £1.7 million to £75.9 million (2009: £77.6 million). Of this reduction, £1.6 million was the decrease in the loss on the currency hedges described above (see note 3). The translation of overseas expenses at a weaker sterling exchange rate increased reported operating expenses by £3.2 million. On a constant currency basis, operating expenses fell by £3.3 million due to efficiencies resulting from the previous year's restructuring programmes offset by increased salary costs, increased headcount and R&D costs in those parts of the business that have seen marked revenue growth.

Reorganistion costs and impairment
As reported in last year's Report and Accounts the Group initiated an extensive restructuring programme in the year ended March 2009 which cost a total £9.1 million (£5.7 million in cash), of which £0.4 million fell into the year ended March 2010 (see note 5).

The restructuring programme has resulted in annualised savings of £11.0 million which, due to some savings being realised in the prior year has generated £9.0 million incremental savings year on year. Some of these cost savings are due to reduction in capacity, which will inevitably return as the global economy strengthens. However a proportion of these costs were structural and will not be reinstated.

Amortisation of acquired intangibles
Amortisation of acquired intangibles was broadly in line with the prior year at £4.1 million (2009: £4.3 million). No acquisitions were made in the year.

Financial income and expenditure
Within financial income and expenditure, total net interest payable was in line with the prior year at £1.3 million. The interest charge on pension scheme liabilities exceeded the expected return on pension scheme assets by £1.5 million, an increase of £0.8 million over the prior year.

Currency hedging
The Group uses derivative products to hedge its exposure to fluctuations in foreign exchange rates. It is Group policy to have in place at the beginning of a financial year hedging instruments to cover 80% of its forecast transactional exposure for that period.

In common with a number of other companies, the Group has decided that the additional costs of meeting the extensive documentation requirements of IAS39 to apply hedge accounting to the foreign exchange hedges cannot be justified. Accordingly the Group does not use hedge accounting for these derivatives. Net movements on marking to market such derivatives at the balance sheet date are disclosed in the income statement as Financial Income or Expenditure and excluded from our calculation of adjusted profit before tax (note 2).

Commodity hedging

The Group also uses derivative products to hedge its exposure to fluctuations in the price of copper, a major component for the Superconducting Wire business. Given the small number of contracts involved we apply hedge accounting for these transactions and consequently the results of marking to market are excluded from the Statement of Income.

Taxation

The underlying tax rate on the profit before tax before reorganisation costs and impairments, amortisation of acquired intangibles and marking to market of hedging derivatives, was 27% (2009: 35%). The rate has reduced due to all parts of the Group being profitable for tax purposes and therefore being able to offset all expenses against income.

The Group has tax losses of £43.1 million in the UK available to set off against future taxable profits from certain business streams. No deferred tax asset has been recognised in respect of these losses. A deferred tax asset of £12.9 million (2009: £11.3 million) has been recognised against certain temporary differences and US tax losses. Of this, £9.8 million (2009: £4.0 million) relates to the deficit in the pension schemes. A deferred tax liability of £6.7m (2009: £7.6 million) has been recognised. Of this, £5.6 million (2009: £7.1 million) relates to the intangible assets arising from past acquisitions. This liability will unwind as the intangible assets are amortised.

Earnings

After a tax charge of £4.8 million (2009: credit £2.6 million) the reported net profit for the financial year was £13.3 million (2009: loss £6.7 million). With a weighted average number of shares of 48.9 million (2009: 48.8 million), the basic earnings per share were 27.2 pence (2009: loss per share 13.9 pence).

Adjusted profit before tax (note 1), which we believe gives a better indication of the underlying performance of the business, grew by £0.8 million to £11.9 million which translates into an adjusted earnings per share of 17.8 pence (2009: 14.8 pence), an increase of 20%.

Dividends

The Group proposes a final dividend of 6.0 pence per share (2009: 6.0 pence), payable on 29 October 2010 to shareholders who are on the register as at 1 October 2010. This gives a total dividend for the year of 8.4 pence per share (2009: 8.4 pence). Dividend cover for the underlying business before reorganisation costs and impairments, amortisation of acquired intangibles and marking to market of hedging derivatives was 2.1 times (2009: 1.8 times).

Investment in research and development (R&D)

The total cash spent on research and development in the year was £13.1 million (2009: £16.3 million). A reconciliation between the cash spent and the amounts charged to the Income Statement is given below:

	2010 £ million	2009 £ million
Total cash spent on research and development during the year	**13.1**	16.3
Less: amount capitalised	**(4.0)**	(6.4)
Add: amortisation of amounts previously capitalised	**4.0**	3.4
Research and development charged to the income statement	**13.1**	13.3

The net book value of capitalised R&D at the end of the financial year was £17.5 million (2009: £17.7 million).

Top left: *X-Max large area silicon drift detector.*
Top middle: *Conservation of artefacts: Terracotta Warriors.*
Top right: *Nordlys camera for electron backscatter diffraction on electron microscopes.*

Balance sheet
Non-current assets fell from £89.7 million to £85.0 million primarily due to the amortisation of acquired intangible assets.

Net working capital (excluding derivative financial instruments) reduced by £10.7 million in the year to £25.5 million. Of this £10.2 million relates to the ITER deposit described below.

Inventory turns increased by 0.2 to 3.1 while debtor days increased from 58 days to 59 days.

Net assets of the Group fell from £61.9 million to £52.2 million principally due to the £14.9 million (net of deferred tax) increase in the defined benefit pension deficit.

Pensions
The Group has defined benefit pension schemes in the UK and the USA. Both have been closed to new entrants since 2001. The total deficit, before tax, under IAS19 on these pension schemes increased in the year by £20.7 million to £35.1 million with a corresponding deferred tax asset of £9.8 million.

Assets of the schemes at 31 March 2010 were £157.6 million (2009: £125.0 million). The increase in the deficit is primarily due to a decrease in the discount rate applied to liabilities, which is based on corporate bond yields.

The latest triennial actuarial valuation of the UK scheme was carried out as at 31 March 2009 and resulted in an actuarial deficit of £39.5 million. A long-term plan for recovering the deficit over 13 years was agreed between the Company and the Pension Trustee, which involves a payment of £3.1 million for the year to March 2010, £5.3 million for the year to March 2011 and £4.2 million for the year to March 2012. For the subsequent 10 years the 2012 payment of £4.2 million will be inflated by 2.85% per annum. Should the Group increase the dividend per share paid to shareholders, the payment to the pension fund will be similarly increased.

In April 2010 the Group informed its employees that it proposes to close both its UK and US schemes to future accrual and has entered a consultation period which will end in August 2010. In making the proposal the Group is seeking to mitigate the risk of pension fund liabilities rising. The alternative pension arrangements offered to the employees are cash neutral to the Group.

Cash
Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by £2.2 million to £22.5 million. Working capital in the year reduced by £16.4 million compared with a reduction of £1.4 million in the prior year. This was aided by a contract prepayment of £10.2 million from Fusion for Energy, the European contracting body for the ITER programme. In the year £3.6 million was spent on inventory and capital equipment for the ITER programme. ITER shipments will begin in the first half of 2010/11.

Net cash flow from operating activities was £31.1 million, an increase of £16.7 million on the prior year.

Net debt at the year-end was £10.4 million (2009: net debt of £28.3 million). The Group has a committed £50 million revolving credit facility that expires in July 2012 and overdraft and other facilities of £13.8 million.

Employees
The average number of people employed during the year decreased by 190 to 1,341 over the prior year as a result of the restructuring programme.

Average sales per employee increased by 17% to £158k.

Share price
The closing mid-market price of the ordinary shares at the end of the financial year was £2.69, compared with £1.10 at the beginning of the year. The highest and lowest prices recorded in the financial year were £2.75 and £1.10 respectively.

Key Performance Indicators
The following key performance indicators show how we have progressed against our priorities:

	2010	2009
Revenue growth		
As reported	**+2.4%**	+17.0%
At constant currencies	**-1.3%**	-2.1%
Return on sales		
Trading profit as a percentage of revenue	**7.0%**	6.3%
R&D		
R&D cash spend as a percentage of revenue	**6.2%**	7.9%

Risks to be managed

There are a number of risks and uncertainties which may have a material effect on the Oxford Instruments Group.

Oxford Instruments provides high technology equipment and systems. There is necessarily some technical risk associated with developing advanced technologies. This risk has reduced in recent years as the business has moved away from large scale single customer development programmes towards more commercially orientated products.

Our business plan requires the introduction of new products to gain market share to support our growth. There is the risk that future product introductions may not yield the sales forecast, especially in industries where investment has been cut back in the light of current economic conditions.

Global financial market conditions continue to impact demand but we remain well positioned, enjoying a broad spread of customers, applications and geographical markets.

Part of the growth of Oxford Instruments' plans is to come from acquisitions which provide the Group with complementary technologies. There is the risk that appropriate acquisition targets will not be available in the necessary timescale or that, once acquired, targets fail to provide the planned value. This risk is mitigated through extensive financial and technical due diligence during the acquisition programme.

A significant proportion of Oxford Instruments' profit is made in foreign currencies and we will therefore continue to have exposure to exchange rate fluctuations going forward. We aim to mitigate this risk by natural hedges where possible and the use of forward contracts.

The Group's strategic plan includes the outsourcing of a significantly higher proportion of the costs of its products to benefit from economies of scale and natural currency hedges. While this policy mitigates some risks it also increase the risk of failures in the supply chain impacting sales.

We rely on the purchase of a number of commodity materials and, when prices rise, we cannot always pass on this cost directly to customers. We enter into hedging contracts for the most significant of these, copper.

Our calculated pension deficit is sensitive to changes in the actuarial assumptions that may have an appreciable effect on the reported pension deficit.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive's Statement. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in this Financial Review.

The relatively diverse nature of the Group together with its current financial strength provides a solid foundation. The Directors have reviewed the Group's forecasts and believe that the Group will be able to operate within its existing debt facility which expires in July 2012. This review also considered financial risk management objectives including hedging arrangements, capital management and exposures to credit and liquidity risks.

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

Kevin Boyd
Group Finance Director
15 June 2010

Top left: *High performance superconducting wire.*
Top middle: *Austin Scientific Electronics.*
Top right: *Superconducting wire for MRI magnets and MRI magnet service and support.*

Directors and Advisers




Nigel Keen
Non-Executive Chairman
joined the Board in 1999. He has an engineering degree from Cambridge University, is a Fellow of the Institute of Chartered Accountants and has been involved in the formation and development of high technology businesses for more than thirty years. He is Chairman of Laird PLC, Bioquell Plc and Deltex Medical Group plc and a Non-Executive Director of ISIS Innovation Ltd. (Oxford Instruments and Oxford University maintain a close relationship and the Group's Directors are strongly represented on the Board of ISIS Innovation, the University's intellectual property company).

Jonathan Flint
Chief Executive
joined the Group as Chief Executive in April 2005. He holds a BSc in Physics from Imperial College and an MBA from Southampton University. He is a Fellow of the Institute of Physics and Institution of Engineering and Technology. He sits on the Council of the Institute of Physics and is a member of advisory panels to the UK Science and Technology Funding Council. Prior to Oxford Instruments, he held senior commercial management positions within Vislink plc, BAE Systems, GEC Marconi and Matra Space Systems.

Kevin Boyd
Group Finance Director
joined Oxford Instruments in August 2006 as Group Finance Director. He holds a BEng in Electronic and Information Engineering from Queen's University Belfast and is a Chartered Engineer (FIET) and Chartered Accountant (FCA), having qualified with Arthur Andersen. Prior to joining Oxford Instruments he was Group Finance Director of Radstone Technology plc, Finance Director of Siroyan Ltd and held senior finance positions in the TI Group (now Smiths Group plc). He is a Non-Executive Director of Guidance Ltd.

Charles Holroyd
Group Business Development Director
was appointed to the Board in November 2005, having joined Oxford Instruments in 1999, and is responsible for Group Business Development. He has a BSc in Electrical and Electronics Engineering from Bristol University and an MBA from INSEAD. He is a Chartered Engineer and a Fellow of the Institution of Engineering and Technology. Previously he held senior management positions within United Industries plc, B Elliott plc, Spirent plc (previously Bowthorpe plc) and Chloride Group plc.

Directors
The Directors at the date of the Report were:

N J Keen, Non-Executive Chairman
D J Flint, Chief Executive
K J Boyd, Group Finance Director
C J A Holroyd, Executive Director
J M Brady, Deputy Chairman and Non-Executive Director
M A Hughes, Senior Independent Non-Executive Director
J F Lennox, Independent Non-Executive Director
B J Taylor, Independent Non-Executive Director

Board Committees
Audit: JF Lennox, Chairman; JM Brady; MA Hughes; BJ Taylor
Remuneration: NJ Keen, Chairman; MA Hughes; JF Lennox; BJ Taylor
Nomination: NJ Keen, Chairman; JM Brady; MA Hughes; JF Lennox; BJ Taylor
Administration: Any two Directors

JF Lennox was appointed Chairman of the Audit Committee on 2 June 2009. JM Brady ceased to be a member of the Remuneration Committee on 7 June 2010. During the year, PWL Morgan was a Director of the Company until his retirement from the Board at the Annual General Meeting held on 15 September 2009.

Honorary President
Sir Martin Wood OBE FRS Hon FREng DL

Company Secretary
Susan Johnson-Brett

Advisers
Auditors: KPMG Audit Plc
Principal Bankers: HSBC Bank plc;
The Royal Bank of Scotland plc; Fortis Bank S.A./N.V.
Stockbrokers: JPMorgan Cazenove Limited
UK Solicitors: Laytons
US Counsel: Holland & Knight

Professor Sir Michael Brady

Deputy Chairman and Non-Executive Director

joined the Board in 1995 and is BP Professor of Information Engineering at Oxford University. He is also a Fellow of the Royal Society, a Fellow of the Royal Academy of Engineering, and a Fellow of the Academy of Medical Sciences. He is a founding Director of Guidance Ltd, Mirada Medical Ltd and Matakina Ltd (a New Zealand based company), a Director of Dexela Ltd and of ISIS Innovation Ltd and a Non-Executive Director of Acuitas Ltd.

Professor Michael Hughes

Senior Independent Non-Executive Director

joined the Board in November 2004. He is Chairman of EA Technology Ltd and a Non-Executive Director of South Staffordshire Water Ltd. Previously he held senior management positions in GEC plc and was CEO of Midlands Electricity plc until 2002.

Jock Lennox

Independent Non-Executive Director

joined the Board on 1 April 2009. He is Non-Executive Director of Enquest plc, Hill & Smith Holdings plc, a member of the Council of the Institute of Chartered Accountants of Scotland (chairing the Qualification Board) and is Chairman of the Tall Ships Youth Trust. He is also a member of the Advisory Board of Alchemy, the private equity firm. He was a Senior Audit Partner at Ernst & Young until April 2009.

Bernard Taylor

Independent Non-Executive Director

joined the Board in 2002 and is Vice-Chairman of Evercore Partners. He is a member of The Council of the University of Oxford and is Chairman of the University's Audit Committee. He is Chairman of ISIS Innovation Ltd and a Royal Commissioner on the 1851 Commission. He is also a Fellow of the Royal Society of Chemistry and an Honorary Fellow of St. John's College, Oxford.

Report of the Directors

The Directors present their Report and the Financial Statements of Oxford Instruments plc for the year ended 31 March 2010.

Principal activity and business reviews

The Company is the ultimate holding company of a group of subsidiary undertakings ('the Group') engaged in the research, development, manufacture and sale of high technology instruments. The Company is required to set out in this report a fair view of the business of the Group during the financial year ended 31 March 2010, the position of the Group at the end of the financial year and a description of the principal risks and uncertainties facing the Group. The information which fulfils these requirements includes a business and financial review on pages 4 to 13 and corporate and social responsibilities on pages 18 to 20, which are incorporated in this report by reference. The business, the strategy, the research and development activities and likely future prospects are reviewed in the Chairman's Statement on page 4, the Chief Executive's Statement on pages 6 to 9, and the Financial Review on pages 10 to 13.

Results and dividends

The results for the year are shown in the Consolidated Statement of Income on page 41. The Directors recommend a final dividend of 6.0p per ordinary share, which together with the interim dividend of 2.4p per ordinary share makes a total of 8.4p per ordinary share for the year (2009: 8.4p). Subject to shareholder approval, the final dividend will be paid on 28 October 2010 to shareholders registered at close of business on 1 October 2010.

Risks and Uncertainties

The Board exercises proper and appropriate corporate governance for the Group. It ensures that there are effective systems of internal controls in place to effectively manage shareholders' interests and the Group's assets, including the assessment and the management of the risks that the businesses are exposed to, and to monitor and manage the compliance with all the legal requirements that affect the Group's worldwide business activities.

The Executive Directors report to the Board on changes in the business and in the external environment which may affect the risks which the Group faces. The Executive Directors also provide the Board with monthly financial information. Key performance indicators are reviewed quarterly.

There are a number of risks and uncertainties which may have a material effect on the Oxford Instruments Group. These are described in the Financial Review on page 13.

Directors

Biographies of all the Directors at the date of this report, including the Non-Executive Directors, appear on pages 14 to 15.

Peter Morgan was a Director until he retired from the Board on 15 September 2009. Jock Lennox joined the Board on 1 April 2009. All other Directors served throughout the year.

Directors' interests

The beneficial interests of the Directors in the Company's share capital, all in fully paid up shares at 31 March 2010, are shown below. Details of share options for the Executive Directors are shown in the Directors' Remuneration Report on pages 28 to 34.

	2010 Shares	2009 Shares
Kevin Boyd	**10,544**	6,087
Mike Brady	**2,500**	2,500
Jonathan Flint	**30,754**	838
Charles Holroyd	**48,224**	36,964
Mike Hughes	**12,216**	12,216
Nigel Keen	**126,580**	126,580
Jock Lennox	**3,500**	0
Bernard Taylor	**190**	190

No Director was beneficially interested in the shares of any subsidiary company at any time during the year. In the year to 31 March 2010 no Director had a material interest in any contract of significance with the Company or any of its subsidiaries other than the contract between Imperialise Limited and the Company for the services of Nigel Keen, as described in the Directors' Remuneration Report on page 33. There have been no changes since the year end.

Insurance cover and Directors' indemnities

For some years the Group has purchased insurance to cover its Directors and Officers against their costs in defending themselves in legal proceedings taken against them in that capacity and in respect of damages resulting from the unsuccessful defence of any proceedings.

Neither the insurance nor the indemnity provided cover for situations where the Director has acted fraudulently or dishonestly.

To the extent permitted by UK law, the Group indemnifies its Directors and Officers.

Share capital

The Company only has one class of share capital which comprises ordinary shares of 5p each. All shares forming part of the ordinary share capital have the same rights and carry one vote each. There are no unusual restrictions on the transfer of a share. The full rights and obligations attaching to the Company's ordinary shares, as well as the powers of the Directors, are set out in the Company's Articles of Association, a copy of which is available on the Company's website. These can also be obtained from Companies House or by writing to the Company Secretary.

During the year to 31 March 2010 the issued share capital was increased by 0.32% with the issue of 157,977 ordinary shares (2009: 32,115) following the exercise of options under the Company's share option schemes. At 31 March 2010, the issued share capital of the Company was 49,567,328 ordinary shares of 5p each. 493,594 ordinary shares (representing 1% of the total issued share capital of the Company) are held by the Company in a separately administered trust. No shares were acquired by the Company during the year. Details of the share capital and options outstanding as at 31 March 2010 are set out in note 8 of the Financial Statements. There have been no further changes in the issued share capital of the Company since the year end.

At this year's Annual General Meeting, the Directors propose to renew the authority granted to them at last year's AGM to: (a) allot ordinary shares up to an aggregate nominal value of £826,122 (one-third of the Company's issued share capital) (Resolution 7(a)) and, including those shares allotted under Resolution 7(a), up to an aggregate nominal value of £1,652,244 (two-thirds of the Company's issued share capital) where full pre-emption rights are applied (Resolution 7(b)); (b) allot up to 2,478,366 ordinary shares (5% of the Company's issued share capital) without first offering them to existing shareholders (Resolution 8); and (c) to buy back up to 4,956,732 of the Company's issued ordinary shares (10% of the Company's issued share capital) (Resolution 9). Details of these resolutions are set out in the notice of the meeting.

Substantial shareholdings
The following are beneficial interests of 3% or more of which the Directors have been notified in accordance with Chapter 5 of the Disclosure and Transparency Rules, of the Company's issued ordinary share capital, the only class of voting capital, at 7 June 2010:

	Direct/ Indirect	Shares 000	% of Total
Schroder Investments	Indirect	5,398,183	10.9
Threadneedle Asset Management	Indirect	5,136,191	10.4
BlackRock Inc	Indirect	4,587,870*	9.3
Sir MF and Lady KA Wood	Direct	3,715,930	7.5
GAM International Management Ltd	Direct	3,270,034	6.6
BAE Pension Fund Investment Management (UK)	Direct	2,303,177	4.6
Aberdeen Asset Management PLC	Indirect	2,281,071	4.6
Aviva Investors	Direct/Indirect	2,145,249	4.3
Legal & General Investment Management Ltd (UK)	Direct	1,809,751	3.7
Hermes Equity Ownership Services Ltd	Proxy voting rights	2,857,706	5.8

* of which 1,638,613 shares are the subject of financial Instruments with similar economic effect to Qualifying Financial Instruments

Payment of Suppliers
The Group does not follow a standard payment practice but agrees terms and conditions for its business transactions with each of its suppliers. Payment is then made in accordance with these terms. Trade creditors of the Company and the Group's UK subsidiaries at 31 March 2010 were equivalent to 27 days' (2009: 23) and 62 days' (2009: 58) purchases respectively, based on the amounts invoiced by suppliers during the year and the amounts owed to trade creditors at the end of the year.

Charitable Donations
During the year, the Group made charitable donations of £16,920.

Fixed Assets
Whilst the market value of some fixed assets may differ from book value, the Directors believe that the differences are not material.

Disclosure of Information to Auditors
Pursuant to Section 418(2) Companies Act 2006 the Directors who held office at the date of approval of this 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 might reasonably have been expected 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.

Annual General Meeting
The Notice of the Annual General Meeting to be held on 14 September 2010 is set out in a letter to shareholders together with explanatory notes relating to the resolutions.

A resolution to re-appoint KPMG Audit Plc as Auditor will be proposed at the Annual General Meeting.

By Order of the Board
Susan Johnson-Brett, Company Secretary
15 June 2010

Corporate and Social Responsibility

The Group is committed to enhancing shareholder value in an ethical and socially responsible manner by considering the interests of its wide community of stakeholders including investors, employees, customers, suppliers and local communities.

The Group's products and services provide solutions which help address the global issues of environmental control, energy conservation, healthcare and security through the development of high technology, innovative instruments and systems. Many of Oxford Instruments' systems are used to protect the environment, including the screening and detection of hazardous substances in soils, electronic goods and petroleum. The Group participates in a global project to research into alternative clean, sustainable energy sources, and its superconducting wire is a key enabling factor in such programmes. The Group is continuously looking for new applications for its existing technologies to produce instruments and systems that will support the growing need to protect the world and the people who live in it.

Ethical Operations

There are formal codes of behaviour in place for the Group's employees, which promote a commitment to maintaining the highest standard of ethics and integrity in the conduct of the Group's business.

A code of ethics and a business malpractice policy includes guidelines covering personal conduct, and advice on recognising and dealing with conflict of interests, business gifts, and bribery and corruption. These codes are given to all new employees. The business malpractice policy provides employees with the opportunity to report unethical or illegal corporate conduct. The independent position of the Group's Senior Independent Director provides an alternative channel of communications for those employees who require it. The formal code of ethics is updated regularly and is available on the corporate website or from the Company on request.

A fair and open culture is fostered throughout the business in which everyone's views and contributions are encouraged and respected. New employees are introduced to the Company's culture and style through an induction process which actively supports the corporate strategy. Business managers are provided with practical guidance explaining the Group's policies and standards of conduct to ensure that these are maintained.

Oxford Instruments does not make contributions to political parties or organisations.

The Board believes that operating ethically is an important part of efficient and profitable business management, and recognises its success depends on the involvement and commitment of everyone in the organisation.

Sustainability

The Group is committed to pursuing the highest standards of environmental performance. Responsibility for sustainability lies with the Board and all the employees. Charles Holroyd, an Executive Director, is responsible for co-ordinating the Group's sustainability objectives, reviewing performance against these objectives and for relationships with external agencies.

The Board also reviews the sustainability performance of Group sites. Every site has an Energy Champion who is responsible for implementing plans to reduce the carbon footprint of his/her site. Each site reports its monthly energy consumption and reduction activities. In the financial year 2009/10 the Group's global electricity consumption as a percentage of sales fell by 6.4% against a 5% target reduction. The objective for the financial year 2010/11 is to reduce energy consumption as a percentage of revenues by a further 5%.

In line with the Group's environmental objectives, a more sustainable approach to the procurement of energy supplies has been adopted. This strategy will be followed by global operations, where possible, to ensure that electricity is purchased from sustainable sources.

European directives continue to be enacted that have beneficial effects on the environment. The current such directives with which the Group complies include the Waste Electrical and Electronic Equipment (WEEE) Directive, the Restriction on use of Hazardous Substances (RoHS) Directive, the Registration, Evaluation, Authorisation of use of Chemicals (REACh) Directive and the Energy use of Products (EuP) Directive.

The Group has achieved the Carbon Trust Standard in the UK, whereby an assessor validates the carbon reduction calculations and recommends improvements in the way the carbon footprint is monitored. This was awarded in recognition of the work undertaken by the Group to reduce its carbon footprint.

The Carbon Reduction Commitment Energy Efficiency Scheme (CRC) is a UK Government initiative to reduce the amount of CO_2 released to the atmosphere by organisations that consumed more than 6GWh of energy during 2008. Oxford Instruments falls into the category and will be a full participant in Phase 1 of the CRC which runs from 2010 to 2013.

Regulatory requirements related to sustainability and climate change present significant opportunities for the Group. It looks not only to improve the environmental performance of its own operations, but also in the manufacture of equipment that supports customers who have to comply with current regulations. For example, the X-MET range of hand-held analysers and the X-Strata range of benchtop analysers are used to check compliance to the RoHS and WEEE directives. They also help to assess contaminated land for the presence of heavy metals.

All major sites have a responsibility to recycle waste materials. These materials include cardboard, paper, wood and metals. Employees are encouraged to recycle paper, packaging, bottles and cans. The amount of recycled material is recorded.

All corporate literature is now printed on environmentally friendly paper using Forest Stewardship Council (FSC) accredited printers. This, together with the vegetable oils used to coat the paper, means that these documents are bio-degradable and recyclable.

Health and Safety
Oxford Instruments is committed to providing high standards of safety in the working conditions for its employees and to the continual improvement of its health and safety (H&S) performance.

Responsibility for Health and Safety (H&S) lies with the Board. Charles Holroyd, an Executive Director, is responsible for formulating the Group's H&S strategy and objectives, reviewing performance against these objectives and for ensuring that key H&S issues are effectively identified and managed.

The Board reviews the H&S performance of the Group's operations. All Group businesses report progress on H&S issues either monthly for large sites, or quarterly for smaller sites, to the Group Health, Safety and Environment Manager who is responsible for keeping Charles Holroyd, and consequently the Board, informed of serious issues. The Group Health, Safety and Environment Manager is responsible for auditing each site annually.

The number of reportable accidents increased slightly during 2009/10 from the very low level of the previous year. The underlying trend over three years continues to improve.

Key H&S risks within the business are subjected to a more focused review by the Board. Current risks receiving closer attention are those involved with driving for work, new production processes and the management of radiation issues in those businesses providing X-ray products.

Two of the Group's major sites are certified to the OHSAS18001 Health and Safety Management System standard. H&S training and awareness is currently focused on those sites seeing high revenue growth and an increase in new personnel. This ensures that growth is achieved while maintaining H&S standards in the business processes and working conditions.

Employees are kept informed of current H&S issues through information provided by local H&S committees or Forums, whose members include staff from all areas of the business. These Forums meet on a regular basis.

In addition, information is published on the Group intranet, notice boards and in monthly cascades and quarterly business reports. Employees are actively encouraged to suggest improvements that can be made in working conditions and practices.

Employees
The Board recognises that the Group's employees are critical to the overall delivery of its business strategy. All employees are kept informed of progress against the Group's strategic plan through regular video presentations on the intranet and face-to-face meetings with the Chief Executive, monthly team meetings, the Company intranet and newsletters.

Relations with employees are based on respect. The Group is committed to a working environment where there is mutual trust and where everyone is accountable for their own actions and share responsibility for the performance and reputation of the Group.

It is the Group's policy to provide competitive remuneration referenced against external market data. Business and individual performance determine actual remuneration and salaries are reviewed on an annual basis. Financial participation in the Group is encouraged through the Share Incentive Plan in the UK, Executive Share Options granted to management, and through bonus schemes based on financial performance. Due to economic conditions and inline with a number of competitors, the Group operated a pay freeze in the 2009/10 financial year.

In October 2009, the first company-wide Employee Survey was conducted to benchmark staff engagement and morale, issues of concerns, opinions of leadership and alignment to values. It was carried out by an external supplier, which undertook the survey across the Group in five languages. The response rate of 75% was well above average for a survey of this type. The results and subsequent dialogue with staff have made a strong contribution to our positive employee relations environment. A plan is now in place to follow up and respond to the issues that were raised as a result of this survey. It is planned to resurvey in April 2011.

The Group's aim is to ensure there are equal opportunities for all employees with no discrimination on account of race, age, gender, sexual orientation, disability, and political or religious beliefs. Ability and contribution are the determining factors in the selection, training, career development and promotion of all employees. The Group is committed to continuing professional development, managing individual and team performance and developing and valuing core skills. Having the right skills-mix ensures that the business grows through producing innovative products that meet or exceed customer requirements.

This year a business development training programme was launched, providing a balance between industry best practice and practical experience, and is sponsored by senior management. It consists of a series of modules which focus on leadership and managerial skills, and involves high potential employees from around the world.

Each year, the Chairman hosts The Chairman's Awards for Innovation which reward and recognise technical and process innovation. Employees are encouraged to enter projects and/or activities that show innovation in its broadest sense and at the same time have brought value to the business. Winners receive a trophy and a cash prize, awarded at a gala dinner. This year a new award for customer service was added, building on the brand development project which was introduced 2009. Once again, a record number of entries were received from all business groups and all locations world-wide.

The Oxford Instruments Brand
An extensive programme was initiated in 2009/10 to energise the Oxford Instruments brand. This is influencing the way the Group is represented in its markets and what it stands for. It has led to a redefinition and communication of Company values, which are currently being validated through feedback from employees and the results of a customer survey conducted in June 2010.

Oxford Instruments' values are:

<u>Trusted</u>: we build long term relationships based on trust and respect

<u>Inclusive</u>: we listen and engage with customers, colleagues, shareholders and partners for mutual success

<u>Innovative & Progressive</u>: we use skill, experience and openness to new ideas to address the needs of the 21st Century

<u>Wholehearted</u>: we approach what we do with passion, with care and with pace.

These values, reinforced by the redefined brand identity will influence employee engagement activities, product and software design, distributor and partner relationships and public relations. A broad programme of activities and processes has been put in place to ensure the Oxford Instruments brand is adopted and championed across the businesses. The goal is to ensure a consistent, positive experience when dealing with Oxford Instruments.

Customers
The Group believes that integrity in dealing with customers is a prerequisite for a successful and sustained business relationship. This principle governs all aspects of the business. The Group values its customers and the trust that they place in the Group, and will safeguard the information provided by customers in accordance with relevant laws and contractual commitments.

The Group's 'Voice of the Customer' work ensures that the interests of all customers are at the core of the business. Oxford Instruments' customers expect to receive and do receive high quality, reliable goods and services. Innovative and commercially successful products are developed to meet current and future requirements. These products are offered at competitive prices, and are backed by a global network of skilled support teams.

Business Partners
All companies in the Group work hard to establish trust, respect and mutually beneficial relations with its business partners, including suppliers, banks and collaborative associates.

There is a Group supplier management process in place which promotes a common supply chain strategy split by commodity, driving the business towards fewer high level suppliers. This process has resulted in substantial savings and cost avoidance across the Group, as well as enabling reductions in working capital

The Strategic Sourcing Team regularly inspects and audits suppliers, and closely manages outsourcing to low cost countries. 'Road maps' and regular strategic reviews are in place for strategically important suppliers. In accordance with ISO9001 and ISO 14001, only quality approved organisations are used.

Communities
The well-being of the communities in which the Group operates is important to its long term development and success. The Group offers worthwhile and valuable employment in a safe and well cared for working environment, and encourages a healthy work/life balance.

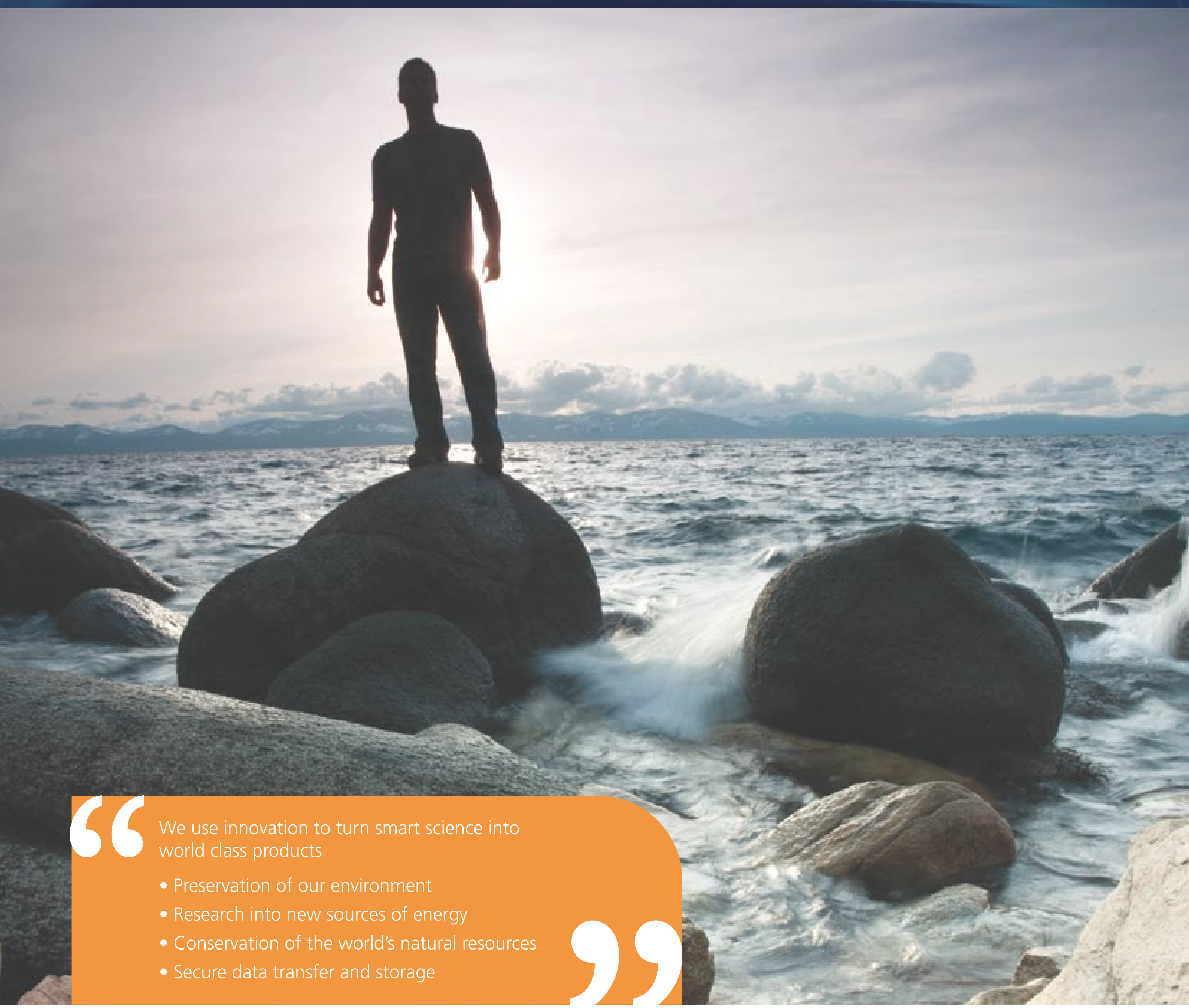
The Group is an active supporter of local, national and international science communities both on a corporate level, a business group level and an individual level. It also sponsors a number of international and national awards and events including the prestigious Sir Martin Wood Prize through the Millennium Science Forum in Japan.

Business groups and employees are supported in any activities that promote good relations with the local communities by contributing to, and supporting, local charities and community activities. The focus is on supporting science in business, and encouraging innovation and the promotion of science in schools and universities. Employees are encouraged to contribute to local charities using the Give-As-You-Earn scheme. Local social clubs run annual fundraising activities for a chosen charity and the Group supports these efforts with an additional donation.

Summary
Oxford Instruments pursues responsible development and deeper understanding of the world through science and technology, meeting customer needs through advanced technology and service. The Oxford Instruments' values embrace a wholehearted commitment to shareholders, employees, customers, partners and communities.

Jonathan Flint Chief Executive
15 June 2010

INNOVATE



> We use innovation to turn smart science into world class products
>
> - Preservation of our environment
> - Research into new sources of energy
> - Conservation of the world's natural resources
> - Secure data transfer and storage

Introduction
The Board is committed to ensuring that high standards of corporate governance are maintained by the Group.

The Board endorses the main and supporting principles and the provisions set out in the Combined Code on Corporate Governance which is appended to the Listing Rules of the Financial Services Authority ("the Code"), except as detailed below.

The Board's policies and procedures are documented in the Board Reference File that sets out the roles and delegated authorities applying to the Directors, the Board and the Board Committees. The Board Reference File is reviewed annually by the Board as part of the annual governance review undertaken by the Chairman.

Compliance
The Board considers that, throughout the period under review, the Group has complied with the provisions recommended in Section 1 of the Code, other than in respect of Provision B.2.1 with the appointment of Nigel Keen as Chairman of the Remuneration Committee as described below.

Board of Directors and management structure
Board of Directors
The Board comprises the Chairman, four Non-Executive Directors and three Executive Directors. The Directors' biographies and details of length of service are shown on pages 14 to 15. All the Directors have written letters of appointment that have been approved by the Board.

The division of responsibilities between the role of Chairman and the Chief Executive has been set out in writing and agreed by the Board.

Management Team
General Committee
The Board delegates management of the business to the Chief Executive. To assist in this, the Chief Executive has created a General Committee that consists of the Executive Directors, the Group Operations Director, the Group Technical Director and the Group Human Resources Director.

The General Committee meets at least twice a month either physically or by video or telephone conference and focuses on Group wide performance and risk management.

Executive Committee
The General Committee is supported by an Executive Committee that consists of the members of the General Committee with the addition of the Managing Directors of each of the principal businesses which comprise the Group.

Operation of the Board
The Board is responsible to shareholders for delivering sustainable incremental shareholder value through entrepreneurial leadership within a framework of controls for managing risk. The Board sets the Group's strategy, maintains the policy and decision making framework in which this strategy is implemented, verifies that the necessary financial and human resources are in place to meet strategic aims, monitors performance against key financial and non-financial indicators, oversees the system of risk management and sets values and standards in governance matters.

The details of the way the Board operates, including a schedule of matters reserved to the Board for decision, are set out in the Board Reference File.

The Board retains control over strategy, investments and capital expenditure, and limits the decisions which can be taken by management in the areas of strategic and financial management and reporting, capital structure, corporate actions, mergers and acquisitions, major contracts and other commitments, litigation and regulatory proceedings, remuneration and share incentive plans.

Where the Board delegates authority to management it is on a structured basis, which requires that proper management oversight exists at the appropriate level.

The Board meets on a regular basis, at least ten times a year, and otherwise as required. Of the ten regular meetings, typically eight are held at Group locations, and the remaining two are held by telephone conference.

Board meetings involve reviews of financial and business performance against the plan approved by the Board. Risk management review, both at Group level and also for each of the business units, is embedded in the reporting system. On a rotating basis, the Board receives presentations from the business units and key functional areas enabling it to explore specific issues in more detail. Any matter requiring a decision by the Board will be supported by a pre-circulated paper analysing all relevant aspects of the proposal and recommending a course of action.

Board papers are distributed in advance of the relevant meeting in sufficient time to allow the Directors to prepare for meetings. Minutes of Committee meetings are circulated to the relevant Directors. In the very few instances when a Director has not been able to attend Board or Committee meetings, his comments on the papers to be considered at the meeting are communicated in advance to the relevant Chairman.

The Non-Executive Directors meet without the Executive Directors at least annually, with the Chairman leading these meetings. The Non-Executive Directors also meet annually without the Chairman in attendance. The Deputy Chairman chairs these meetings.

The Company Secretary and the Company Secretary's Office are responsible for implementing Board procedures and for advising the Board on corporate governance matters.

Board balance and independence
The Code requires the Board should be of sufficient size that the balance of skills and experience is appropriate for the requirements of the business and that there is a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision making.

The composition of the Board and the combination of diverse backgrounds and expertise of the Non- Executive Directors meet these principles.

Nigel Keen, Chairman, has a degree in engineering from Cambridge University, is a Fellow of the Institute of Chartered Accountants and has been involved in the formation and development of high technology businesses for more than thirty years. He fulfilled the independence criteria at the time of his appointment as set out in the Combined Code, is Chairman of the Nomination and Remuneration Committees as the Board considers that for a SmallCap company the Chairman's prime roles are: to procure an excellent strategy for the business; to recruit and retain the best available management team to execute this strategy; to put in place a Board of independent directors whose experience can add value to the work of the management; and to ensure that the business maintains the highest standard of corporate governance. Taking into consideration the size of the Company, the Board believes that in order to fulfil these obligations it is appropriate and necessary for the Chairman of the Board to also be Chairman of the Nomination Committee and the Remuneration Committee. Nigel Keen also serves as Chairman of Oxford Instruments Pension Trustee Limited, which is the Trustee of the UK defined benefit pension scheme. The Board of the Company and the Board of the Trustee to the Pension Scheme have each independently considered whether it is appropriate to have the Chairman of the Company as Chairman to the Board of the Trustee of the Pension Scheme, notwithstanding the potential conflicts of interest inherent in the same person holding both these positions, and they each have unanimously confirmed that they believe that it is in the interest of all parties for this to continue.

Mike Brady, Deputy Chairman, has been a member of the Board since June 1995. He is BP Professor of Information Engineering at Oxford University and is one of the UK's leading engineers. He brings a depth of technical expertise to Board discussions. His independence of mind gained from a career as a senior academic supervisor of research programmes in a major technical discipline at Oxford University, his technical expertise as the only Non-Executive Director from a scientific profession and the value of that expertise to Board discussions, the breadth of his professional and business interests unrelated to the Group, his continual constructive probing of the technical aspect of proposals being considered by the Board and the composition of the Board generally leads the Board to conclude that it is appropriate that he should continue in office. Although the Board continues to value Mike's input to the Board it has reviewed his status as an independent director and in the light of guidance by the Combined Code has determined that he should no longer be considered independent. Following this determination during 2010 Mike has stepped down as a member of the Remuneration Committee. Despite these changes, the Board continues to consider that Mike remains independent in the way he works as a Non-Executive Director.

Mike Hughes, Senior Independent Non-Executive Director, has been a member of the Board since November 2004. He is currently the Chairman of EA Technology Ltd and a Non-Executive director of South Staffordshire Water Ltd. Previously he held senior management positions within GEC before becoming CEO of Midlands Electricity plc and then Executive Vice President of GPU Inc International Operations Group.

Jock Lennox was appointed to the Board as an Independent Non-Executive Director on 1 April 2009. Until April 2009 he was a Senior Audit Partner at Ernst & Young where he gained extensive experience advising clients in a variety of industries on financial reporting, financing, transactions and international expansion. Jock became Chairman of the Audit Committee on 2 June 2009 and is a member of the Remuneration and Nomination Board Committees. The Board believes that Jock's skills, experience and knowledge enhance and maintain an effective Board and provide a well qualified Chairman of the Audit Committee.

Bernard Taylor was appointed to the Board as an independent Non-Executive Director in 2002. He has worked at various City institutions, including Robert Fleming & Co. Ltd where he was Deputy Chairman and Chief Executive and at J.P. Morgan plc where he was Vice-Chairman (Investment Banking). He is Vice Chairman of Evercore Partners and Chief Executive of its European business. He is also a fellow of the Royal Society of Chemistry, Chairman of ISIS Innovation Ltd and a member of The Council of the University of Oxford.

Further information on each of the Non-Executive Directors is to be found in the Directors' Biographies on pages 14 to 15.

In the opinion of the Board Mike Hughes, Jock Lennox and Bernard Taylor are currently independent under the guidelines set out in the Combined Code. This opinion is based on current participation and performance on both the Board and Board Committees including consideration of the length of service at Oxford Instruments plc.

Term of appointment of Non-Executive Directors
Each Non-Executive Director is appointed for an initial term of three years. The requirement to submit Directors for reappointment at regular intervals is met by applying the Company's Articles of Association.

These require that at each Annual General Meeting: (1) not less than one-third of the Directors who are subject to retirement by rotation must retire; (2) any Director has to retire who was not appointed at either of the two previous Annual General Meetings and who has served as a Director for more than two years since appointment or last reappointment; and (3) any Non-Executive Director who has been in office for more than nine years should offer themselves for re-election each year.

In addition, Directors who have been appointed since the previous Annual General Meeting have to resubmit themselves for election at the first Annual General Meeting following their appointment.

Board development and evaluation
Board development
On appointment, Directors undertake an induction process which is designed to develop knowledge and understanding of the Group's businesses through visits to various Group operating sites, discussion of relevant technology, as well as product demonstrations, briefings from management and familiarisation with investor perceptions of the Group.

The operating business units' senior management teams present to the Board on a regular basis.

Non-Executive Directors are encouraged to meet individual members of the senior management team and have done so during the year under review.

Throughout the year, Non-Executive Directors attend Oxford Instruments' events, exhibitions and award presentations.

The Company Secretary and her office act as advisers to the Board on matters concerning governance and ensure compliance with Board procedures. All Directors have access to this advice and a procedure also exists for Directors to take independent professional advice at the Group's expense. No such advice was sought during the year. The appointment and removal of the Company Secretary are matters for the Board as a whole.

Board evaluation
In the year ended 31 March 2010 the Board completed its annual effectiveness evaluation exercise, including a specific review of the effectiveness of its principal committees and members. This was an internal exercise under the control of the Chairman using a detailed questionnaire completed by all Directors in relation to the key areas of Board accountability and the arrangements in place to enable

effective focus on these areas. Topics covered included Group strategy, performance, delegation and accountability, success, development and reward, Board and Committee composition, Board induction and training, internal control and risk management. In addition, whereas in previous years each Director took part in a 360 evaluation process involving completion of an assessment questionnaire, for the past two years assessment was carried out by each director preparing a written statement concerning governance of the Company and discussing the statement with the Chairman at the individual one-to-one interviews which the Chairman holds with each director. The Chief Executive is also involved in the process by giving his input on the way the Board helps him in his role. The output from these evaluations allows the Chairman to review objectively the overall balance of the Board.

Attendance at meetings

No one other than the Committee Chairman and members is entitled to be present at a meeting of the Nomination, Audit or Remuneration Committee, but others may attend by invitation of the Committee. No Director votes on matters where he has a conflict of interest. Further details of the individual Committees' activities are described below.

The following table sets out the frequency of, and attendance at, Board and principal Board Committee meetings for the year to 31 March 2010:

	Main Board	Audit Committee[1]	Remuneration Committee	Nomination Committee
Number of meetings held	10	6	4	1
Nigel Keen	10	6	4	1
Jonathan Flint	10	6	-	-
Kevin Boyd	10	6	-	-
Charles Holroyd	10	6	-	-
Mike Brady	10	6	4	1
Mike Hughes	9	5	2	1
Jock Lennox	10	6	4	1
Bernard Taylor	10	6	4	1
Peter Morgan [2]	4	3	2	1

Note:
[1] The Chairman of the Board and the Executive Directors attend the Audit Committee by invitation
[2] Peter Morgan retired from the Board on 15 September 2009

Board Committees

The Board has formed the following Committees: Nomination, Remuneration, Audit and Administration.

Membership of Board Committees, which is set out on page 14, is determined by the Board and is reviewed regularly. The written terms of reference of the Board Committees are reviewed annually by each Committee and the Board and are available on the Company's website and from the Company on request. They will be on display at the Annual General Meeting.

Nomination Committee

The Nomination Committee comprises all the Non-Executive Directors, under the chairmanship of the Chairman of the Board. The Nomination Committee is responsible for assisting the Board in the formal selection and appointment of Directors and considers succession planning for the Board. It also considers potential candidates and recommends appointments of new Directors to the Board. The appointments are based on merit and against objective criteria including the time available and the commitment that will be required of the potential Director.

There is a formal, rigorous and transparent procedure for the appointment of new Non-Executive Directors to the Board, the prime responsibility for which is delegated to the Nomination Committee. Each appointment process begins with an evaluation of the balance of skills, knowledge and experience existing on the Board that is effected through a series of one-on-one meetings between the Committee Chairman and Directors. The Nomination Committee takes external advice when considered appropriate.

A description of the role and capabilities required is prepared using the information gathered. Candidates meet with the Chairman and the Deputy Chairman and a final selection of potential appointees meets several Directors individually. Following these meetings, the Nomination Committee considers each Director's feedback and makes a final recommendation to the Board concerning any appointment.

On joining the Board, new Non-Executive Directors are given an induction programme including site visits and meetings with senior management. This induction is supported by briefing papers prepared by the Company Secretary. Major shareholders are provided with an opportunity to meet any new Non-Executive Directors.

The Nomination Committee recommends to the Board whether a Non-Executive Director's appointment should be renewed for a further three years at the end of each three year term, taking into account the performance of the individual.

The Nomination Committee also annually reviews the performance of the Chief Executive and succession planning within the business.

Remuneration Committee

The Remuneration Committee comprises all the Independent Non-Executive Directors and the Chairman of the Board. The Chairman of the Board, Nigel Keen, who fulfilled the independence criteria at the time of his appointment as set out in the Code, is Chairman of the Remuneration Committee because as set out on page 22 to 23 above, the Board considers that in a SmallCap company it is essential that the Chairman be involved in setting remuneration policy. The members of the Committee are appointed by the Board.

The Remuneration Committee is responsible for recommending to the Board the remuneration packages for Executive Directors and the bonus and share option strategy for the Group's executive management. Independent professional advice is sought when considered necessary. Under its terms of reference the Chairman of the Board may be Chairman of the Committee. The Board as a whole is responsible for fixing the remuneration of the Non-Executive Directors, including the Chairman.

The Chief Executive is invited to attend Remuneration Committee meetings as deemed appropriate, for example when consideration is being given to the performance of other Executive Directors and on significant Group wide changes in salary structure and terms and conditions affecting other employees at senior executive level. Further details of the Remuneration Committee are included in the Directors' Remuneration Report set out on pages 28 to 34.

Audit Committee

The Audit Committee comprises all the Non-Executive Directors and is chaired by Jock Lennox. The Chairman of the Board and members of senior management such as the Chief Executive and Group Finance Director are invited to attend all or part of any meetings or to present such reports as are required for the Committee to discharge its duties. The external auditors are invited to attend meetings of the Committee on a regular basis, including at the half year, at the planning stage before the audit and after the audit at the reporting stage. At least once a year the Committee meets with the external auditors without the Executives present.

The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities relating to external financial reporting and associated announcements, oversight of the external audit process including consideration of the independence of the Group's external auditors, the resourcing and plans of the Internal Audit function and the adequacy and effectiveness of the financial control environment.

The Audit Committee's terms of reference include all matters indicated by the Combined Code. The terms of reference are considered annually by the Audit Committee and are then referred to the Board for approval. The Audit Committee structure requires the inclusion of one member with relevant recent financial experience, currently the Committee Chairman, and expects all Audit Committee members to be financially literate.

The Audit Committee Chairman reports the outcome of meetings to the Board and the Board receives minutes of all Audit Committee meetings. The Audit Committee has unrestricted access to Group documents and information, as well as to employees of the Group and the external auditor.

The Committee reviews all public statements containing financial information, including the half year and annual financial statements and interim management statements, together with the related Stock Exchange announcements, having received information on the accounting principles, policies and practices adopted in the Group's accounts, changes proposed to those principles, policies and practices, significant accounting issues and contingent liabilities affecting the Group, potential tax contingencies and the Group's compliance with statutory tax obligations.

The Audit Committee is responsible for the development, implementation and monitoring of the Group's policy on external audit. The Audit Committee reserves oversight responsibility for monitoring the independence and objectivity of the external auditors.

A review takes place annually of the performance of the external auditors following the completion of the annual audit.

To assess the effectiveness of the external auditors, the Audit Committee reviews:

- The external auditors' fulfilment of the agreed audit plan and variations from the plan
- The robustness and perceptiveness of the auditors in their handling of key accounting and audit judgements
- The external auditors' comments in respect of financial controls

To fulfil its responsibility regarding the independence of the external auditors, the Audit Committee reviews the changes in key external audit staff in the external auditor's plan for the current year, the arrangements for day-to-day management of the audit relationship, a report from the external auditors describing their arrangements to identify, report and manage any conflicts of interest and the overall extent of non-audit services provided by the external auditors. In addition the Chairman of the Audit Committee reviews the provision of non-audit services by the external auditors where the proposed fee exceeds £20,000 with formal Audit Committee approval where fees are £50,000 or above. Competitor quotes are obtained where the proposed fee is in excess of £50,000.

Details of the audit fees, together with fees for non-audit services for the year, are set out in note 3 (page 48) to the Financial Statements.

The Audit Committee is required to assist the Group Board to fulfil its responsibilities relating to the adequacy and effectiveness of the financial control environment. This includes consideration of the adequacy of both the resourcing and the plans of the Internal Audit function.

To fulfil these duties the Committee reviews:

- The Group's risk framework and risk policies
- Any internal control findings reported by the external auditor
- The Internal Audit function's terms of reference, reporting lines and access to the Audit Committee and all members of the Board, and its plans and achievement of the planned activity
- Internal Audit reports on key audit areas and significant control environment deficiencies
- Reports on the systems of financial controls and financial risk management

The Group's Business Malpractice Policy comprises an internal process that has been communicated directly to all employees by which employees can raise a concern, including concerns relating to fraud, damage to the environment, criminal activity or danger to health and safety, in the knowledge that it will be taken seriously, treated as confidential and that no action will be taken against them. The Policy is reviewed annually by the Committee.

Administration Committee
The Administration Committee consists of a minimum of two Directors and deals with items of a routine and administrative nature. The Board receives copies of the minutes of the Administration Committee.

Investor relations
The Group places considerable importance on regular communications with its shareholders with whom it has an ongoing programme of dialogue. All shareholders are encouraged to participate in the Annual General Meeting at which the Chairman and Chief Executive present an overview of the Group's business and review the results and make comments on strategy and current business activity.

The Non-Executive Directors meet informally with shareholders both before and after the Annual General Meeting and respond to shareholder queries and requests. The Chairman and the Senior Independent Director make themselves available to meet any shareholders, as required.

All Group announcements are posted on the Group website, www.oxford-instruments.com, as soon as they are released. The Investor Relations section of the website provides financial and other information on the Group.

Annual General Meeting (AGM)
The Annual General Meeting is an opportunity for the Board to meet shareholders. At its AGM, the Group complies with the provisions of the Combined Code relating to the disclosure of proxy votes, the separation of resolutions and the attendance of Committee Chairmen. The Group arranges for the Annual Reports and Financial Statements and related papers to be posted on its website and, where shareholders have elected to receive papers copies, posted to shareholders so as to allow at least 20 working days for consideration prior to the AGM. The next AGM will be held on 14 September 2010.

Risk management
Within the Group there is an ongoing embedded process for identifying, evaluating and managing the significant risks faced by the Group. Day-to-day management of this process has been delegated by the Board to the Executive Directors.

A standard process is in place throughout the Group that requires the senior management of each business to identify significant business risks and to classify them both as to probability and potential impact.

Once identified, mitigating action, where possible, is formulated and responsibility within the management team assigned. On a regular basis each business reviews and updates its risk summary which is then reported to the Chief Executive. If a material risk changes or arises, the Managing Director of the business reports this in writing to the Chief Executive at which time there is a discussion on the adequacy of the mitigating actions taken. Details of all major risks identified and the mitigating actions in place are reported to and reviewed by the Board. The Financial review (page 13) gives an overview of the major risks and uncertainties faced by the Group.

In addition, the Board considers risks to the Group's strategic objectives which are not addressed within the Group's businesses and develops appropriate actions to manage and mitigate these risks.

Internal control
The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material mis-statement or loss. Day-to-day responsibility for maintaining adequate systems of internal control is delegated to the Executive Directors.

During the year the Directors have reviewed the effectiveness of the Group's system of internal controls.

These internal control procedures have been in place for the year under review and up to the date of approval of the report. They are regularly reviewed by the Board and accord with the Turnbull guidance. These controls include financial, operational, compliance and risk management.

The key components designed to provide effective internal control within the Group are as follows:

- there is a formal schedule of matters reserved to the Board for decision; other than these matters, the Board delegates to the Chief Executive and reviews the delegation of authorities throughout the management structure;
- the Group's management structure comprises the General Committee whose members have Group wide financial responsibilities and to whom day-to-day responsibility for the management of the Group is delegated. The responsibility is based on the identification of separate businesses for each of the Group's activities, the heads of these businesses together with the Chief Executive, the Group Finance Director and certain other members of the senior management team form the Group's Executive Committee. There are clearly defined lines of management responsibilities at all levels up to and including the Group Board and the Group's accounting and reporting functions reflect this organisation;
- financial executives within Group businesses report to their own operational head but there is also a well established and acknowledged functional reporting relationship through to the Group Finance Director;
- the Board reviews strategic issues and options formally once a year during the annual strategic planning process and during the year as appropriate. In addition the Executive Directors maintain a three year planning model of the Group and its individual businesses;
- annual budgets are prepared for each of the Group's businesses which include monthly figures for turnover, profit, capital expenditure, cash flow and borrowings. The budgets are reviewed through the Group management structure and result in a Group financial budget which is considered and approved by the Board;
- the businesses prepare monthly management accounts which compare the actual operating result with both the budget and the prior year. The businesses also prepare rolling reforecasts for orders, turnover, operating profit and cash. Both are reviewed by the Board monthly;
- the Board approves all acquisition and divestment proposals and there are established procedures for the planning, approval and monitoring of capital expenditure;

- for all major investments the performance of at least the first twelve months against the original proposal is reviewed by the Board;
- each Group site, except for representative sales offices, is required to submit a self assessment internal control questionnaire on a regular basis;
- internal audit is carried out through a system of regular reviews of the internal controls at each site by accountants from other parts of the Group and in Japan and China, due to language differences, by local external auditors. These reviews are coordinated by a manager in Head Office;
- work performed is based on a standardised Group format but involves random testing, together with a review of the internal control questionnaire;
- where required, action plans are drawn up by the businesses in conjunction with the Group Finance Director to remedy any significant control weaknesses that are identified from completion of the internal control questionnaire or as a result of the internal audit. The results of audit reviews are reported to local management, the Group Finance Director and the Audit Committee and checks on the progress of the action items arising are made;
- the Board receives regular updates on treasury, tax, property, pensions, insurance, litigation, human resources and health and safety matters;
- authorisation limits are set at appropriate levels throughout the Group; compliance with these limits is monitored by the Group Finance Director and internal audit;
- all requests to quote for substantial fixed price contracts are reviewed by the Chief Executive and/or the Group Finance Director to assess both technical and financial risk and to fix an appropriate balance between risk and reward. However, no procedure can guarantee the avoidance of losses on fixed price contracts of a technical nature; and
- with respect to the UK pension scheme the Group has its own trustee representatives, involves its own independent actuary with whom actuarial assumptions are reviewed, agrees the investment policy with the Trustee, ensures there is an independent actuarial valuation every three years, reviews members benefits and contributions regularly and audits the annual changes in pensionable salaries.

Susan Johnson-Brett, Company Secretary
15 June 2010

Remuneration Committee
Details of the composition of the Remuneration Committee are set out on page 14. The Committee defines and communicates to the Executive Directors the Company's policy on the remuneration, benefits and terms of employment for each Executive Director. As part of this process, it provides a formal framework for the development of remuneration policy for Executive Directors and for fixing the remuneration packages of individual Directors. The Board, as a whole, is responsible for determining the remuneration of the Non-Executive Directors, including the Chairman. No Director is involved in deciding his own remuneration.

The Committee reviews and approves new long term incentive schemes and changes to existing schemes, together with awards under these schemes, and general increases in salaries and bonus arrangements for staff. The remuneration policy and practice for employees are taken into account when setting remuneration for Executive Directors.

Over the past year the Committee continued to use Hewitt New Bridge Street to provide independent external advice on the Executive Directors' remuneration. Hewitt New Bridge Street has no other connection to the company. The Committee also sought input as required from the Chief Executive and from Laytons, the Company's lawyer.

The Chairman maintains contact with principal shareholders regarding remuneration policy as appropriate.

Non-Executive Directors
The Non-Executive Directors do not have service contracts but their appointments are subject to review every three years and the rotation provisions of the Company's Articles of Association.

The Company's policy is to appoint Non-Executive Directors to the Board with a breadth of international skills and experience that is relevant to Oxford Instruments' global business. Appointments are made by the Board upon the recommendations and advice from the Nomination Committee.

Remuneration policy
The Remuneration Committee has established a policy for the remuneration of Executive Directors and the Board has established a policy for the remuneration of the Chairman and the Non-Executive Directors.

The Company has an incentive-driven Executive Director remuneration policy that promotes the delivery of the Group strategy, seeks to align the interests of Directors and shareholders and reflects the performance of each Director. The Remuneration Committee considers carefully the motivational effects of the incentive structure in order to ensure that it is effective and does not have any unintentionally negative impact on matters such as governance, environmental and social issues and attitude to risk. A significant proportion of total potential rewards are provided through performance-based schemes. Overall the remuneration package aims to be appropriate to attract, motivate and retain high calibre executives.

Each of the Executive Directors has a service contract which, in line with remuneration policy, has a notice period of one year. The Remuneration Committee's policy on early termination is to provide compensation which reflects the Company's contractual obligations (which do not include entitlement to bonus after the date of notification of termination), whilst recognising the principle of mitigation of losses. Jonathan Flint's, Kevin Boyd's and Charles Holroyd's service contracts are dated 21 February 2005, 9 May 2006 and 22 November 2005 respectively.

Executive Directors' remuneration
Executive Directors receive base salary, annual performance awards, pension contributions and other benefits and long term performance awards. Benefits comprise provision of a car or car allowance, life and health insurance, participation in a bonus scheme and contributions towards a pension. Base salaries, benefits and performance awards of the Executive Directors are reviewed annually by the Remuneration Committee.

Compensation is determined with reference to an appropriate comparator group of companies, which is reviewed annually. Consideration is given to the Director's experience, performance and responsibilities and how overall compensation aligns with the interests of shareholders. In the 2009/10 financial year Oxford Instruments operated a pay freeze across the business. There was no increase in salary for Executive Directors during this period. Despite the difficult global economic environment, the Group has performed strongly during the year and consequently the Remuneration Committee has reviewed the salaries and bonus payments for the Group's employees. As a result of this review, a discretionary payment of 3% of salary has been made in respect of the year just ended to all Group employees other than the Executive Directors.

For the salary year starting on 1 July 2010, staff salaries have been reviewed dependent on individual performance with such annualised payments across the Group averaging 2.5% and ranging from nil to 10% for exceptional performance. In light of the good performance that the Executive Directors have put in over the last two years, which has led to a substantial improvement in the Group's results and share price, the salaries for the three Executive Directors will be increased by 15% in the case of Jonathan Flint and Kevin Boyd and 5% for Charles Holroyd.

Emoluments of the current Executive Directors showing the breakdown between basic and performance related remuneration are shown below:

	Salary £000	Benefits £000	Performance related remuneration £000	**Total remuneration 2010 £000**	Total remuneration 2009 £000
Jonathan Flint	290	14	290	**594**	400
Kevin Boyd	200	14	150	**364**	259
Charles Holroyd	181	11	115	**307**	232
Total				**1265**	891

Steve Parker resigned as a Director on 13 November 2008. During the year to 31 March 2010, he received a total of £66,993* which comprised £37,811* paid in accordance with his service contract and a prorated bonus payment of £29,182* for the period of the 2008/9 financial year during which he was employed. Steve Parker was retained on a consultancy basis during the year to allow the business to continue to benefit from his expertise in US markets. For this he received payments totalling £35,377*.

*Using average exchange rate applying for each quarter (£1:$1.59)

UK employees are able to elect to cease making personal contributions into the relevant pension schemes. Their salaries are reduced by the amount of their pension contributions and the Company pays the same amount directly to the pension schemes. Accordingly, the annual salaries of Jonathan Flint, Kevin Boyd and Charles Holroyd were reduced to £261,000, £180,000 and £161,360 respectively. For reasons of clarity, the salaries shown in the table above for these Directors are the amount they would have been paid had they not given up these salary entitlements to receive pension benefits instead. These 'notional' base salaries are used to calculate salary linked remuneration such as bonus and some benefits.

Annual Performance Incentive Bonus

Bonuses are earned primarily on the achievement of financial targets, with further elements payable on meeting specific objectives. Bonuses are finalised and paid after the completion of the statutory annual audit.

The Executive Directors' bonus scheme for the year ended 31 March 2010 set performance targets which would pay bonuses for on-target performance at the rate of 50% of base salary for Jonathan Flint, 35% of base salary for Kevin Boyd and Charles Holroyd. The bonus potential has a maximum of 100% of salary for Jonathan Flint and 75% of salary for the other Executive Directors. Bonuses are earned on full year performance. The level of award for the year ended 31 March 2010 took account of the continuing improvement in financial performance against the background of a worldwide economic recession and the generally poor performance of competitors. This performance was reflected in achievement against specific financial targets in relation to orders, profit and cash generation and measurable progress in meeting defined strategic objectives for the Group.

For the financial year to 31 March 2011 the structure and maximum bonus potential of Executive Directors' annual bonuses will be similar to that for the year to 31 March 2010.

Pension Plans

Oxford Instruments Pension Scheme

For UK based Executive Directors and employees employed prior to April 2001, a contributory pension, depending on length of service, of up to two thirds of pensionable salary is provided on retirement through the Oxford Instruments defined benefit pension scheme. This is a contracted-out contributory pension scheme which provides benefits based on earnings at or near retirement and is funded through a separate trust. Early retirement is possible on a reduced pension from age 55 with the consent of the Company. Pensions in payment are guaranteed to increase by a level of inflation up to a maximum of 3% per year on pension earned before 1 April 1997 and a maximum of 5% per year thereafter, subject to any applicable statutory requirements. In the case of death before retirement from active service a spouse's pension of one half of the member's prospective pension is payable plus a capital sum of three times the member's basic salary and a refund of the member's contributions.

Defined Contribution Pension Arrangements (UK)

Following the closure of the Company's defined benefit pension scheme to new members in April 2001, employees and Executive Directors appointed now are offered membership of the Oxford Instruments Stakeholder Plan, a defined contribution scheme, or the Executive Director can elect that contributions be made into a defined contribution plan of his or her choice in accordance with contractually agreed contribution rates. Under this arrangement only base salary is pensionable. Such contributions are treated as a non-salary benefit as they are paid directly to the pension plan and are not included in the calculation of bonus entitlements and share awards.

Executive Director Pension Arrangements

Under the terms of their service contracts Jonathan Flint and Kevin Boyd can ask the Company to contribute to a pension plan of their own choice. The Company contributes a maximum of 14% of base salary if matched by a contribution of 10% by the director. Cash bonuses are excluded from contribution calculations. During the year the Company contributed £40,600 (2009:£40,040) into a personal defined contribution pension plan in respect of Jonathan Flint and £28,000 (2009: £27,720) into the UK Oxford Instruments Stakeholder Pension Plan in respect of Kevin Boyd.

Charles Holroyd is the only current Executive Director who is a member of the UK defined benefit pension scheme. His pensionable pay is capped at £123,600. The Company contributes to the scheme at a rate of 12.7% of pensionable salary and Charles Holroyd has chosen to contribute at a rate 16.3% for a 1/50th accrual rate and to enable him to take all benefits at the age of 65. The following table shows the compulsory member's contributions, the increase in accrued entitlement during the year in excess of inflation and the accrued entitlement at the end of the reporting period, together with the transfer value of the accrued pensions:

	Age as at 31 March 2010	Accrued years of service	Member's contributions during the year	Additional annual pension earned during the year	Additional annual pension earned during the year in excess of inflation	Accrued annual pension entitlement at year end
	Years	Years	£000	£000 pa	£000 pa	£000 pa
Charles Holroyd	54	10	20	4	3	26

	Transfer value of additional pension earned during the year in excess of inflation	Transfer value of accrued pension		Change in transfer value over year less member contributions
		2010	2009	
	£000	**£000**	£000	£000
Charles Holroyd	33	**336**	257	59

The Company is currently in consultation with its pension scheme members to close its UK defined benefit pension scheme to future accrual and if this is agreed the pension arrangements for Charles Holroyd will change to bring them in line with those for the other Executive Directors.

Share Incentive Schemes

The Company has a number of share option schemes for incentivising Executive Directors and employees of the Group:

- the Executive Share Option Scheme (ESO);
- the Senior Executive Long Term Incentive Scheme (SELTIS);
- Individual Options (Individual);
- All employee Share Incentive Plan (SIP); and
- All employee Save-As-You-Earn Scheme (SAYE)

The ESO scheme is the principal vehicle used to incentivise the Executive Directors and senior management. The SELTIS and Individual schemes are used at the discretion of the Remuneration Committee. Until 1 April 2008, the SAYE scheme was open to all UK permanent staff employed for at least six months on the date of invitation to join the scheme. The SAYE scheme has been replaced by a Share Incentive Plan (SIP) which since 1 April 2008 has been open to all UK permanent staff employed for at least six months.

Performance conditions

The Remuneration Committee considers that the combination of TSR and EPS performance conditions across the ESO and SELTIS option schemes will encourage shareholder value creation and improved financial performance. In selecting appropriate targets the Committee takes into account both the recent performance of the Company and its projections for future growth and these arrangements are set out below.

Dilution Limits

The ESO, SELTIS and SAYE share option schemes provide that overall dilution under all employee share option schemes should not exceed 10% over a 10 year period in relation to the Company's issued share capital. Any awards which are required to be satisfied by market purchased shares are excluded from such calculations. Awards made under the SELTIS schemes prior to 2009 and shares required by the SIP are satisfied by market purchased shares. The Committee monitors the position prior to the making of any award under these share option schemes to ensure that the Company remains within this limit. As at the date of this Report, the Company's headroom position remains within these guidelines.

ESO schemes (1995 and 2001)

These shareholder and Inland Revenue approved schemes grant options over new shares to be issued at the time of exercise and also over existing shares. Options granted to an individual in excess of £30,000 are classified as unapproved options.

All awards of ESO share options are made under the 2001 ESO scheme. The aggregate market value of shares over which options under the 2001 ESO scheme may be granted to an individual participant in any financial year may not normally exceed twice base salary. However, in exceptional circumstances the limit is three times base salary, provided that to the extent an individual is granted options in excess of the standard limit, there will be a corresponding reduction in the number of shares under options granted in the following two years. For the purpose of calculating these limits, the Company's share price will be averaged over the three months before the options are granted.

Options are granted at the middle market price on the last dealing day prior to grant and are exercisable after three years but not more than ten years from the date of grant.

1995 ESO performance condition

Over a period of three consecutive years the growth in earnings per share (EPS) of the Company expressed as a percentage is to exceed the growth in the Retail Price Index (RPI) expressed as a percentage plus a further 2% per year over the same period.

2001 ESO performance conditions

For grants prior to December 2008, the performance conditions are based equally on the Company's total shareholder return (TSR) performance and on its EPS performance (adjusted to exclude non-recurring items, amortisation of acquired intangible assets and the effects of financial instruments). Since December 2008, options were granted with a performance condition based solely on EPS performance. This change was made in conjunction with a change to the performance conditions relating to the Company's SELTIS Scheme (see below).

For options granted in December 2009, 50% will vest where the Company's EPS grows by at least 5% per annum rising on a straightline basis to full vesting for EPS growth of 10% per annum or better. Options granted at the same time to other employees will fully vest where the growth in EPS is at least 5% per annum. For options granted in December 2008, 50% will vest where the Company's EPS grows by at least RPI + 5% per annum rising on a straightline basis to full vesting for EPS growth of RPI + 10% per annum or better. Options granted at the same time to other employees will fully vest where the growth in EPS is at least RPI + 5% per annum.

The performance conditions for options under the 2001 ESO scheme are measured over a single three year period. No extension of the performance period is permitted although once performances conditions have been met participants have the remainder of the ten year period of the option in which to exercise the option.

50% of the options granted in July 2003 and July 2004 are exercisable as for each grant the EPS performance test failed, 49% of options granted in July and December 2005 have vested with the failure of the TSR performance test and partial vesting of the EPS performance test and 50% of options granted in July and September 2006 have vested with the failure of the TSR performance test.

Share appreciation rights
At the Annual General Meeting in 2005, shareholders gave their approval to the granting of Share Appreciation Rights (SAR) and to the satisfaction of outstanding options with share appreciation rights under unapproved options of the scheme. Under SAR, in effect, an option is settled by only issuing shares to the value of the gain and these shares are issued at no consideration. This means that the number of shares to which an option holder may become entitled depends on the Company's share price at the time of exercise. In December 2008 and 2009, the Company granted options over 1,043,763 shares under the SAR arrangements.

SELTIS
The SELTIS scheme is similar to the ESO schemes, with the exception that options are exercisable at no cost to the option holder.

The value of shares over which options may be granted under the SELTIS scheme to any one participant in a financial year may not exceed 50% of annual remuneration (excluding benefits in kind). For the purpose of calculating this limit, the market value is the closing middle market price of the Company's shares on the day before the date of grant.

SELTIS options granted since the establishment of the 2001 ESO scheme
Prior to December 2008, the performance conditions are the same as those applying to awards under the 2001 ESO scheme in the same financial year as detailed above and under the table below. In December 2008 and December 2009, SELTIS options were granted with a single TSR performance condition which compares the Company's TSR performance with that of a comparator group made up of the FTSE Small Cap index (excluding companies within the Food & Drug Retailers, General Retailers, Banks, Nonlife Insurance, Life Insurance, Real Estate, General Financial, Equity Investment Instruments and Nonequity Investment Instruments Sectors). 50% of the options granted in 2008 and 33.3% of the options granted in 2009 will vest where the Company's TSR performance at least equals the TSR performance of the median company in the comparator group rising on a straightline basis to full vesting where the Company's TSR performance is equal to or greater than that of the upper quartile company on the same basis.

Retention conditions
Options granted under the ESO scheme prior to September 2007 may be exercised according to the following schedule: one third of the original grant being exercisable from the third anniversary of grant; a further third on the fourth anniversary; and the final third on the fifth anniversary of the grant. SELTIS options granted under the scheme prior to July 2007 are subject to a retention condition, to the effect that on exercise the option holder must retain ownership of shares equivalent to half of the market value of the shares (after tax) until the sixth anniversary of the date of grant. Changes approved by the shareholders at the Annual General Meeting in 2007 mean that ESO and SELTIS options no longer have retention conditions.

Shareholding guidelines
Following the removal of the retention conditions on ESO and SELTIS options in 2007, the Executive Directors have agreed to build up a shareholding equivalent in value to 100% of basic salary by retaining or purchasing shares equivalent to the value of 50% of gains (after deductions) from options granted in and after 2007 under the ESO or SELTIS schemes.

Individual options
Individual options are granted at the discretion of the Remuneration Committee. There are currently no individual options which are outstanding.

Share Incentive Plan (SIP)
The SIP was launched on 1 April 2008 and is administered in accordance with Inland Revenue guidelines. In accordance with the Plan rules, employees are able to purchase shares up to the value of £1,500 (or, where lower, 10% of taxable pay) per annum out of pre-tax pay. Shares ("Partnership Shares") are purchased by the Plan's trustee on the employee's behalf and are held in trust. The Company also purchases one additional share for every five Partnership Shares that the employee purchases to be held for the benefit of the employee (the "Matching Shares"). The risk of forfeiture attached to the Matching Shares will normally be removed on the third anniversary of purchase subject to continued employment and the retention of the Partnership Shares. Both Partnership and Matching Shares can be taken out of the trust tax free to the recipient provided they have been held for at least five years. All shares acquired by the SIP are purchased in the market by the trustee.

SAYE options
The SAYE scheme is administered in accordance with Inland Revenue guidelines. There are no performance conditions attached to exercise.

As at the 31 March 2010 the outstanding options for Jonathan Flint, Kevin Boyd and Charles Holroyd under the 1995 and 2001 ESO, the SELTIS and SAYE schemes were as follows:

Name	Scheme	**March 2010**	Granted	Movements during the year **Exercised	*Lapsed	March 2009	Exercise Price	Share price on date of grant	Date for earliest exercise	Date for Latest Exercise
Jonathan	ESO	**140,000**	140,000			0	£2.035	£2.03	17/12/12	16/12/19
Flint	ESO	**220,000**				220,000	£1.35	£1.33	16/12/11	15/12/18
	ESO	**100,000**				100,000	£2.32	£2.30	28/09/10	27/09/17
	ESO	**50,000**			50,000	100,000	£2.10	£2.10	15/07/09	14/07/16
	ESO	**98,000**				98,000	£2.19	£2.18	15/07/08	14/07/15
	SELTIS	**70,000**	70,000			0	Nil	£2.03	17/12/12	16/12/16
	SELTIS	**110,000**				110,000	Nil	£1.33	16/12/11	15/12/15
	SELTIS	**50,000**				50,000	Nil	£2.71	26/07/10	25/07/14
	SELTIS	**0**		25,000	25,000	50,000	Nil	£2.10	15/07/09	14/07/13
	SELTIS	**0**		24,500		24,500	Nil	£2.18	15/07/08	14/07/12
Kevin	ESO	**95,000**	95,000			0	£2.035	£2.03	17/12/12	16/12/19
Boyd	ESO	**150,000**				150,000	£1.35	£1.33	16/12/11	15/12/18
	ESO	**40,000**				40,000	£2.32	£2.30	28/09/10	27/09/17
	ESO	**33,333**			33,334	66,667	£2.0375	£2.06	04/09/09	03/09/16
	SELTIS	**47,500**	47,500			0	Nil	£2.03	17/12/12	16/12/16
	SELTIS	**75,000**				75,000	Nil	£1.33	16/12/11	15/12/15
	SELTIS	**12,500**				12,500	Nil	£2.71	26/07/10	25/07/14
	SELTIS	**0**		6,250	6,250	12,500	Nil	£2.06	04/09/09	03/09/13
Charles	SAYE	**0**		1,032		1,032	£1.83	£2.53	01/02/10	31/07/10
Holroyd	SAYE	**0**			699	699	£2.14	£2.44	01/02/09	31/07/09
	ESO	**85,000**	85,000			0	£2.035	£2.03	17/12/12	16/12/19
	ESO	**150,000**				150,000	£1.35	£1.33	16/12/11	15/12/18
	ESO	**40,000**				40,000	£2.32	£2.30	28/09/10	27/09/17
	ESO	**12,500**			12,500	25,000	£2.10	£2.10	15/07/09	14/07/16
	ESO	**19,600**				19,600	£2.19	£2.18	15/07/08	14/07/15
	ESO	**25,000**				25,000	£2.18	£2.19	15/07/07	14/07/14
	ESO	**25,000**				25,000	£1.875	£1.88	15/07/06	14/07/13
	SELTIS	**42,500**	42,500			0	Nil	£2.03	17/12/12	16/12/16
	SELTIS	**75,000**				75,000	Nil	£1.33	16/12/11	15/12/15
	SELTIS	**12,500**				12,500	Nil	£2.71	26/07/10	25/04/14
	SELTIS	**0**		6,250	6,250	12,500	Nil	£2.10	15/07/09	14/07/13
	SELTIS	**0**		9,800		9,800	Nil	£2.42	15/12/08	14/12/12
Steve	ESO	**0**			20,000	20,000	£2.32	£2.30	28/09/10	13/11/09
Parker***	ESO	**0**			12,500	12,500	£2.10	£2.10	15/07/09	13/11/09
	ESO	**0**			19,600	19,600	£2.19	£2.18	15/07/08	13/11/09
	ESO	**0**			30,000	30,000	£2.18	£2.19	15/07/07	13/11/09
	ESO	**0**			35,000	35,000	£1.875	£1.88	15/07/06	13/11/09
	ESO	**0**			30,000	30,000	£1.48	£1.48	13/12/05	13/11/09
	SELTIS	**12,500**				12,500	Nil	£2.71	26/07/10	25/07/14
	SELTIS	**6,250**			6,250	12,500	Nil	£2.10	15/07/09	14/07/13
	SELTIS	**9,800**				9,800	Nil	£2.18	15/12/08	14/12/12

* Lapsed as performance conditions were not met.
** Jonathan Flint, Kevin Boyd and Charles Holroyd exercised SELTIS and ESO Options on 25 September 2009. The market price on the day of exercise was £1.88. Charles Holroyd exercised SAYE Options on 8 February 2010. The market price on the day of exercise was £2.55. The gain yielded on the exercise of options during the year for Jonathan Flint, Kevin Boyd and Charles Holroyd was £93,100, £11,755 and £30,930 respectively.
*** Steve Parker resigned as a director of the Company on 13 November 2008. All ESO options have now lapsed. The date for latest exercise of his SELTIS options remains unchanged.

The ESO and SELTIS performance conditions for awards between 2001 and before December 2008 were based 50% on EPS growth and 50% on TSR growth as follows, with 12.25% of the total vesting at threshold and 50% of the total vesting at stretch performance for each element:

2001: 15% p.a. – 30% p.a.
2002: 12.5% p.a. – 25% p.a.
2003: 10% p.a. – 20% p.a.
2004 to before December 2008: 7.5% p.a. – 15% p.a.
TSR is measured by comparing its average net return over the three month period preceding the beginning of each performance period with its average net return (calculated in the same manner) over the same period at the end of each performance period.

During the year, Jonathan Flint exercised SELTIS options over 49,500 shares, Kevin Boyd exercised SELTIS option over 6,250 shares and Charles Holroyd exercised SELTIS and SAYE options over 17,082 shares. They each sold sufficient shares to meet the costs of PAYE and NIC. As at 31 March 2010, Jonathan Flint, Kevin Boyd and Charles Holroyd have cumulatively 148,500, 33,333 and 82,100 options respectively under various schemes capable of exercise.

The market price of the shares at 31 March 2010 was 269p. (2009: 110p) and the range during the year was 110p-275p (2009: 107p-251p).

Outside appointments
The Board allows Executive Directors to accept appropriate outside commercial non-executive appointments provided the aggregate commitment is compatible with their duties as Executive Directors. The Executive Director concerned may retain fees paid for these services, which will be subject to approval by the Board.

Jonathan Flint holds positions as a member of the Council of the Institute of Physics and a member of the advisory board of the ISIS neutron spellation instrument during the year. During the year he received fees of £136 from ISIS.

Kevin Boyd is a non-Executive Director of Guidance Ltd. He joined their Board in July 2009. During the year he received fees of £13,050.

Independent Non-Executive Directors
Chairman
Under an arrangement between the Company and Imperialise Limited, Nigel Keen is retained to act as Chairman of the Company and Chairman of the Trustee to the Oxford Instruments Pension Scheme and he must account to Imperialise Limited for his services. This arrangement can be terminated by either party at any time by the giving of 6 months' notice. Imperialise Limited is paid a sum equivalent to the employer's national insurance contributions on these fees as it is responsible for the cost of national insurance on payments to Nigel Keen, whereas national insurance contributions in respect of the other Non-Executive Directors are made directly to the UK Inland Revenue. The fees for Nigel Keen's services to the Company were reviewed with effect from 25 February 2008. His current term of appointment commenced on 25 February 2008 and is for three years.

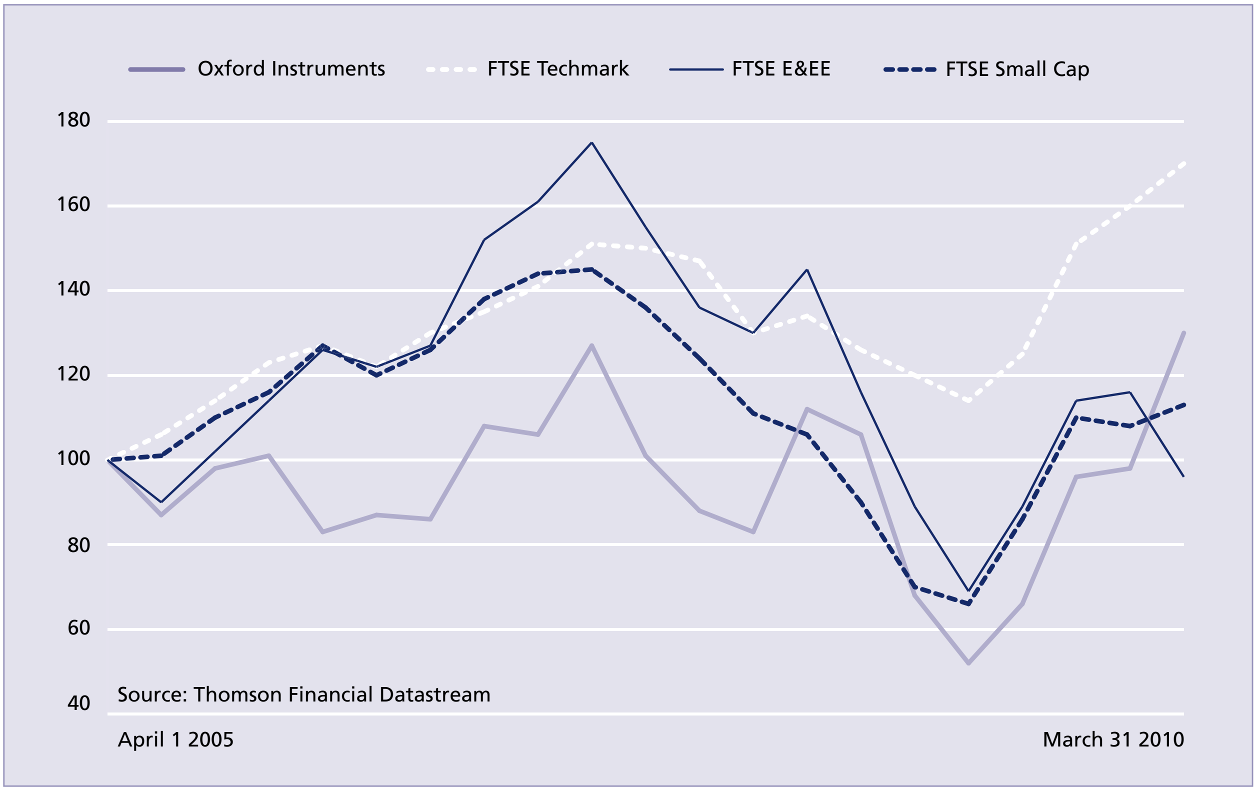
Non-Executive Directors
Non-Executive Directors are appointed for an initial period of three years with subsequent reviews. They do not have a contract of employment and their appointment can be terminated without notice. Non-Executive Directors receive fixed fees agreed by the full Board after reference to similar roles in an appropriate comparator group of companies and reimbursement of expenses incurred in attending Board and other meetings. It is the Board's policy for the Non-Executive Directors to be paid a level of fee that reflects the time commitment and responsibilities of the role and is sufficient to attract individuals with appropriate knowledge and experience.

Remuneration of the Chairman and Non-Executive Directors:

	2010 £000	2009 £000
Nigel Keen, Chairman[1]	**113**	113
Mike Brady	**35**	32
Mike Hughes	**35**	32
Jock Lennox	**34**	0
Peter Morgan[2]	**15**	32
Bernard Taylor	**30**	27
Total	**262**	236

[1] Nigel Keen's fees above include a payment of £12,800 to Imperialise Limited in respect of employers' national insurance contributions. In addition, he received fees of £20,000 for his services as Chairman to the Trustee of the Oxford Instruments Pension Scheme together with a payment of £2,560 to Imperialise Limited in respect of employers' national insurance contributions.
[2] Peter Morgan resigned as a Non-Executive Director on 15/09/2009

The Chairman and Non-Executive Directors receive no other benefits.



Performance graph
The graph above shows for the five years ended 31 March 2010 the Total Shareholder Return (TSR) on a holding of the Company's ordinary shares compared with a hypothetical holding of shares made up of shares of the same kind and number as those by reference to which the FTSE Small Cap, FTSE Techmark and FTSE Electronic and Electrical Equipment indices are calculated. These indices have been chosen as they are considered to be the most appropriate comparator groups for the Company. TSR has been calculated by reference to the relevant share price for each constituent company assuming dividends are reinvested.

In accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the four tables setting out the Executive and Non-Executive Directors' remuneration, pensions and share options contained within the report have been audited; all other information including the statements of policy have not been audited.

This report was adopted by the Remuneration Committee at a meeting on 7 June 2010 and has been approved subsequently by the Board for submission to shareholders at the Annual General Meeting to be held on 14 September 2010.

Nigel Keen Chairman of the Remuneration Committee
15 June 2010

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Parent Company 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 Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company 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;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its 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 Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual Financial Report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Jonathan Flint
Director

Kevin Boyd
Director

15 June 2010

Report of the Independent Auditors *to the members of Oxford Instruments plc*

We have audited the financial statements of Oxford Instruments plc for the year ended 31 March 2010 set out on pages 37 to 45. The financial reporting framework that has been applied in the preparation of the Group Financial Statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements 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 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
As explained more fully in the Directors' Responsibilities Statement set out on page 35, 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 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/scope/UKP.

Opinion on financial statements
In our opinion:
- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2010 and of the Group's and the Parent Company's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the Parent Company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:
- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 22 to 27 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited 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.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 35, in relation to going concern; and
- the part of the Corporate Governance Statement on page 22 relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

S Haydn-Jones (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
15 June 2010

The Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The Company has elected to prepare its Parent Company financial statements in accordance with UK GAAP; these are presented on pages 73 to 78.

The accounting policies set out below have, unless otherwise stated been applied consistently to all periods presented in these Group financial statements.

The financial statements are prepared on a going concern basis based on the assessment made by the Directors as described in the Financial Review on page 13.

(a) New accounting standards

During the year, the Group has applied IAS 1 'Presentation of Financial Statements (revised 2007)' which has introduced a number of terminology changes (including titles for the primary statements) and has resulted in a number of changes in presentation and disclosures. The adoption of IAS 1 means that all owner changes in equity are now presented within the Consolidated Statement of Changes in Equity and all non-owner changes in equity are presented in the Consolidated Statement of Comprehensive Income. This presentation has been applied in these consolidated financial statements. Comparative information has been presented to conform with this revised standard. Since the changes are presentational only there is no impact on profit, earnings per share or net assets.

As of 1 April 2009, the Group has adopted IFRS 8 'Operating Segments' and now discloses segment information based on the internal reports regularly reviewed by the Group's Board of Directors in order to assess each segment's performance and to allocate resources to them. The Group has three reportable segments (Nanotechnology Tools, Industrial Products and Service) as described in note 2, which are the Group's strategic business units. Comparative segment information has been re-presented in conformity with the transitional requirements of IFRS 8. Since the change in accounting policy only impacts the presentation and disclosure aspects, there is no impact on profit, earnings per share or net assets.

The Group has applied amendments to IFRS 7 'Financial instruments'. These amendments expand the disclosures required in respect of fair value measurements and liquidity risk.

The adoption during the year of IFRS 2 'Amendment regarding share-based payments – vesting conditions and cancellations' has had no material impact on the reported results or financial position of the Group.

In respect of borrowing costs relating to qualifying assets for which commencement date for capitalisation is on or after 1 January 2009, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Previously the Group immediately recognised all borrowing costs as an expense. This change in accounting policy was due to the adoption of IAS 23 'Borrowing Costs (2007)'. In accordance with the transitional provisions of such standard, comparative figures have not been restated. The change in accounting policy had no material impact on profit, earnings per share or net assets.

(b) Basis of preparation

The financial statements are presented in pounds sterling and are prepared on the historical cost basis except as described below under the heading 'Financial Instruments'.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The key judgements made in respect of the appropriateness of the Group accounting policies relate to:

- **Fair value measurements on business combinations**
  The measurement of fair values on a business combination requires the recognition and measurement of the identifiable assets, liabilities and contingent liabilities. The key judgements involved are the identification and valuation of intangible assets which require the estimation of future cash flows and the selection of a suitable discount rate. (See Note 14)
- **Impairment of intangible assets (including goodwill) and tangible assets**
  Goodwill is held at cost and tested annually for impairment, and amortised intangibles and tangible assets are tested for impairment where there are indications of impairment. These impairment tests require the Group to make an estimate of the expected cash flows and to select suitable discount rates. These require an estimation of the value-in-use of these assets. (See Note 14)
- **Measurement of defined benefit scheme liabilities**
  The Group recognises and measures costs relating to defined benefit pension schemes in accordance with IAS 19 'Employee Benefits'. In applying IAS 19 the costs are assessed in accordance with the advice of independent qualified actuaries. This requires the exercise of judgement in relation to the estimation of future changes in salaries and inflation, as well as mortality rates, expected returns on plan assets and the selection of suitable discount rates. Further detail is provided in note 22.
- **Provisions**
  Provisions are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past expectations or events which can be reasonably estimated. The timing of recognition requires the application of judgement to existing facts and circumstances which can be subject to change. Amounts provided represent the Group's best estimate of exposure based on currently available information.

- **Deferred tax assets**
  A deferred tax asset is recognised in the period if it is probable that future taxable profits will be available against which the asset can be utilised. This requires the exercise of judgement in relation to the estimation of future taxable profit.

  Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The key areas where estimates have been used and assumptions applied are in the calculation of provisions, the valuation of acquired intangible assets, the impairment testing of goodwill and the estimation of defined benefit pension plan liabilities.

(c) Basis of consolidation
The Group accounts include the accounts of Oxford Instruments plc and its subsidiary companies adjusted to eliminate intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions. The results of subsidiary companies are included from the month that control is obtained to the month of their disposal, where control is lost.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into sterling at exchange rates ruling at the end of the reporting period. Income statements and cash flows of foreign operations are translated into sterling at average quarterly exchange rates which approximate foreign exchange rates at the date of the transaction. Foreign exchange differences arising on retranslation are recognised directly in a separate translation reserve.

(d) Foreign currency
An individual entity's transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(e) Financial instruments
Financial assets and liabilities are recognised in the Group's Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

(i) The Group's investments in equity securities are classified as available for sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available for sale monetary items, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit and loss.

(ii) Derivative financial instruments of the Group are used to hedge its exposure to interest rate, foreign currency and commodity pricing risks arising from operational, financing and investment activities. The Group does not hold or issue derivative financial instruments for trading purposes. All derivatives are initially recognised at fair value; attributable transaction costs are recognised in profit or loss as incurred.

Derivatives comprising interest rate swaps, foreign exchange contracts and options and metal futures contracts are classified as 'fair value through profit and loss' under IAS 39, unless designated as hedges. Subsequent to initial recognition, derivatives are measured at fair value, and gains or losses on the settlement of such derivatives are recognised in operating expenses. Where such derivatives relate to the following year's exposure, any gains or losses resulting from the change in fair value are taken to the Mark to market gains/losses line within financial income or expense.

(iii) Cash flow hedges
Changes in the fair value of the derivative hedging instruments designated as cash flow hedges are recognised in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the Consolidated Statement of Income. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedge item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to the Consolidated Statement of Income in the same period that the hedged item affects profit or loss.

(iv) The fair value of forward exchange contracts is their quoted market price at the Consolidated Statement of Financial Position date, being the present value of the quoted forward price. The gain or loss on remeasurement to fair value of forward exchange contracts is recognised immediately in the Consolidated Statement of Income.

(v) Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowing on an effective interest basis.

(f) Property, plant and equipment
Property, plant and equipment is stated at historical cost less provisions for impairment (see accounting policy l) and depreciation which, with the exception of freehold land which is not depreciated, is provided on a straight-line basis over each asset's estimated economic life. Depreciation is provided based on its historical costs less its estimated residual value. The principle estimated economic lives used for this purpose are:

Freehold buildings, long leasehold land and buildings	50 years
Leasehold improvements (less than 50 years duration)	Period of lease
Furniture and fittings	10 years
Machinery and other equipment	5 to 10 years
Computer equipment and software	4 years
Vehicles	4 years

(g) Intangible assets
(i) Goodwill
All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries. In respect of business acquisitions that have occurred since 31 March 2004, goodwill represents

the difference between the cost of the acquisition and the net fair value of the identifiable intangible assets, other net assets, liabilities and contingent liabilities acquired. In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP.

Goodwill arising on acquisitions is stated at cost and allocated to cash-generating units that are anticipated to benefit from the combination. It is not amortised but is tested annually for impairment (see accounting policy l).

(ii) Development costs

Research and development costs are charged to the Consolidated Statement of Income in the year in which they are incurred unless development expenditure meets certain strict criteria for capitalisation. These criteria include demonstration of the technical feasibility of completing a new intangible asset that will be available for sale and that the asset will generate probable future economic benefits. Where expenditure meets the criteria, development costs are capitalised and amortised through the Consolidated Statement of Income over their useful economic lives.

(iii) Acquired intangible assets

An intangible asset acquired with a subsidiary undertaking is recognised as an intangible asset if it is separable from the acquired business or arises from contractual or legal rights, is expected to generate future economic benefits and its fair value can be reliably measured. The asset is amortised through the Consolidated Statement of Income over it useful economic life.

(iv) Amortisation

Amortisation of intangible assets is charged to the Consolidated Statement of Income on a straight-line basis over their estimated useful economic lives as follows:

Capitalised development costs	3 to 5 years
Technology related acquired intangibles	5 to 10 years
Customer related acquired intangibles	6 months to 8 years

(h) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently stated at their cost less appropriate allowances for amounts which are expected to be non-recoverable.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes materials, direct labour, an attributable proportion of production overheads based on normal operating capacity and all other expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Provision is made for obsolete, slow moving and defective stock where appropriate in the light of recent usage, expected future requirements, new product introduction plans and likely realisable values.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits and are carried at amortised cost. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(k) Held for sale assets

Immediately before classification as held for sale, the measurement of the assets is brought up-to-date in accordance with applicable IFRSs. Then, on initial classification as held for sale, non-current assets are recognised at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in the Consolidated Statement of Income, even when the asset has previously been revalued. The same applies to gains and losses on subsequent remeasurement.

(l) Impairment of non-current assets

All non-current assets are tested for impairment whenever events or circumstances indicate that their carrying value may be impaired. Additionally, goodwill is subject to an annual impairment review.

An impairment loss is recognised in the Consolidated Statement of Income in reorganisation costs and impairment to the extent that an asset's carrying value exceeds its recoverable amount, which represents the higher of the asset's net realisable value and it value in use. An asset's value in use represents the present value of the future cash flows expected to be derived from the asset or from the cash generating unit to which it relates. The present value is calculated using a discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset concerned.

Impairment losses recognised in previous periods for an asset other than goodwill are reversed if there has been a change in estimates used to determine the asset's recoverable amount, but only to the extent that the carrying amount of the asset does not exceed its carrying amount had the impairment loss not been recognised in previous periods. Impairment losses in respect of goodwill are not reversed.

(m) Employee benefits

The Group operates a number of defined benefit and defined contribution plans which require contributions to be made to independent trustee administered funds.

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the Consolidated Statement of Income as incurred.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that current and past employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method.

All actuarial gains and losses in calculating the Group's net obligation are recognised in the Consolidated Statement of Comprehensive Income in the year.

The charge to the Consolidated Statement of Income reflects the current service cost. The expected return on scheme assets and the interest cost on scheme liabilities are included within financial income or financial expenditure in the Consolidated Statement of Income respectively.

(iii) Share-based payment transactions
The fair value of equity settled share option programmes is measured at grant date and charged to the Consolidated Statement of Income on a straight line basis over the period during which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to market performance conditions not being met.

(n) Provisions
A provision is recognised in the Consolidated Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. A provision for warranty is recognised when the underlying products are sold. A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(o) Trade and other payables
Trade and other payables are initially recognised at their fair value and subsequently stated at amortised cost.

(p) Revenue
Revenue is recognised in the Consolidated Statement of Income when the significant risks and rewards of ownership have transferred to the buyer. Revenue excludes value added tax and similar sales based taxes, represents sales to external customers of products and services and is stated before commissions payable to agents. Revenue is recognised on shipment, except for installation and service contracts. Revenue from installation is separately recognised on completion of the installation. Revenue from contracts for maintenance and support is recognised on a pro-rata basis over the contract period.

(q) Income tax
Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(r) Lease payments
Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

(s) Segment reporting
An operating segment is a distinguishable component of the Group that engages in business activities from which it may earn revenues and incur expenses, including any revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Group's Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance, for which discrete financial information is available.

Segment results that are reported to the Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(t) Adopted IFRS not yet applied
At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

- Amendments to IFRS1 and IAS 27: Cost of an investment in a subsidiary, jointly controlled entity or associate
- Revised IAS 17: Leases
- Revised IAS 28: Investments in associates
- IFRIC 17: Distribution of non-cash assets to owners

The Directors anticipate that the adoption of these Standards and Interpretations in the future periods are unlikely to have a material impact on the financial statements of the Group.

Consolidated Statement of Income *year ended 31 March 2010*

	Notes	2010 £m	2009 £m
Revenue	2	**211.5**	206.5
Cost of sales		**(120.9)**	(115.8)
Gross profit		**90.6**	90.7
Trading expenses excluding cost of sales	3	**(75.9)**	(77.6)
Trading profit		**14.7**	13.1
Reorganisation costs and impairment	5	**(0.4)**	(6.8)
Amortisation of acquired intangibles		**(4.1)**	(4.3)
Operating profit		**10.2**	2.0
Bank interest receivable		**-**	0.2
Expected return on pension scheme assets	22	**7.9**	9.6
Mark to market gain in respect of derivative financial instruments	1	**10.7**	-
Financial income		**18.6**	9.8
Interest payable on bank loans and overdrafts		**(1.3)**	(1.5)
Interest charge on pension scheme liabilities	22	**(9.4)**	(10.3)
Mark to market loss in respect of derivative financial instruments	1	**-**	(9.3)
Financial expenditure		**(10.7)**	(21.1)
Profit/(loss) before income tax		**18.1**	(9.3)
Income tax (expense)/credit	9	**(4.8)**	2.6
Profit/(loss) for the year attributable to equity shareholders of the parent		**13.3**	(6.7)

		pence	pence
Earnings per share			
Basic earnings/(loss) per share	10	**27.2**	(13.9)
Diluted earnings/(loss) per share	10	**27.1**	(13.9)
Dividends per share			
Dividends paid	11	**8.4**	8.4
Dividends proposed	11	**8.4**	8.4

Adjusted profit before tax is calculated as follows:

		£m	£m
Profit/(loss) before income tax		**18.1**	(9.3)
Reorganisation costs and impairment		**0.4**	6.8
Amortisation of acquired intangibles		**4.1**	4.3
Mark to market (gain)/loss in respect of derivative financial instruments		**(10.7)**	9.3
Adjusted profit before tax	1	**11.9**	11.1

		pence	pence
Adjusted earnings per share			
Basic earnings per share	1, 10	**17.8**	14.8
Diluted earnings per share	1, 10	**17.8**	14.8

Consolidated Statement of Comprehensive Income *year ended 31 March 2010*

	Note	**2010 £m**	2009 £m
Profit/(loss) for the year		**13.3**	(6.7)
Other comprehensive (expense)/income			
Foreign exchange translation differences		**(3.8)**	5.6
Actuarial (loss)/gain in respect of post retirement benefits	22	**(22.8)**	6.4
Net gain/(loss) on effective portion of changes in fair value of cash flow hedges, net of amounts recycled		**0.8**	(0.6)
Tax on items recognised directly in equity	9	**6.1**	(1.6)
Total other comprehensive (expense)/income		**(19.7)**	9.8
Total comprehensive (expense)/income for the year attributable to equity shareholders of the parent		**(6.4)**	3.1

	Share capital £m	Share premium account £m	Other reserves £m	Foreign exchange translation reserve £m	Retained earnings £m	Total £m
Balance at 1 April 2009	**2.5**	**21.3**	**(0.3)**	**7.9**	**30.5**	**61.9**
Total comprehensive income/(expense) attributable to equity shareholders of the parent	**-**	**-**	**0.5**	**(3.8)**	**(3.1)**	**(6.4)**
Transactions recorded directly in equity:						
- Credit in respect of employee service costs settled by award of share options	**-**	**-**	**-**	**-**	**0.5**	**0.5**
- Proceeds from shares issued	**-**	**0.3**	**-**	**-**	**-**	**0.3**
- Dividends paid	**-**	**-**	**-**	**-**	**(4.1)**	**(4.1)**
Total contributions by and distributions to equity shareholders	**-**	**0.3**	**-**	**-**	**(3.6)**	**(3.3)**
Balance at 31 March 2010	**2.5**	**21.6**	**0.2**	**4.1**	**23.8**	**52.2**
Balance at 1 April 2008	2.5	21.2	0.1	2.3	36.4	62.5
Total comprehensive (expense)/income attributable to equity shareholders of the parent	-	-	(0.4)	5.6	(2.1)	3.1
Transactions recorded directly in equity:						
- Credit in respect of employee service costs settled by award of share options	-	-	-	-	0.3	0.3
- Proceeds from shares issued	-	0.1	-	-	-	0.1
- Dividends paid	-	-	-	-	(4.1)	(4.1)
Total contributions by and distributions to equity shareholders	-	0.1	-	-	(3.8)	(3.7)
Balance at 31 March 2009	2.5	21.3	(0.3)	7.9	30.5	61.9

Other reserves comprise the capital redemption reserve which represents the nominal value of shares repurchased and then cancelled during the year ended 31 March 1999, and the hedging reserve in respect of the effective portion of changes in value of commodity contracts.

The foreign exchange translation reserve comprises all foreign exchange differences arising since 1 April 2004 from the translation of the Group's net investments in foreign subsidiaries into Sterling.

The Group holds 493,594 (2009: 569,394) of its own shares in an employee benefit trust. The cost of these shares is included within retained earnings.

Consolidated Statement of Financial Position *as at 31 March 2010*

	Notes	2010 £m	2009 £m
Assets			
Non-current assets			
Property, plant and equipment	13	**22.8**	23.5
Intangible assets	14	**49.3**	54.9
Deferred tax assets	15	**12.9**	11.3
		85.0	89.7
Current assets			
Inventories	16	**39.3**	39.9
Trade and other receivables	17	**60.2**	57.6
Current income tax recoverable		**0.9**	0.6
Derivative financial instruments	19	**0.8**	0.2
Cash and cash equivalents		**11.2**	13.3
		112.4	111.6
Total assets		**197.4**	201.3
Equity			
Capital and reserves attributable to the Company's equity shareholders			
Share capital		**2.5**	2.5
Share premium		**21.6**	21.3
Other reserves		**0.2**	(0.3)
Translation reserve		**4.1**	7.9
Retained earnings		**23.8**	30.5
		52.2	61.9
Liabilities			
Non-current liabilities			
Bank loans	21	**19.6**	31.8
Other payables	23	**0.9**	1.0
Retirement benefit obligations	22	**35.1**	14.4
Deferred tax liabilities	15	**6.7**	7.6
		62.3	54.8
Current liabilities			
Bank loans	21	**0.1**	0.1
Bank overdrafts	19	**1.9**	9.7
Trade and other payables	23	**69.1**	53.3
Current income tax payables		**2.6**	1.8
Derivative financial instruments	19	**4.3**	12.4
Provisions	24	**4.9**	7.3
		82.9	84.6
Total liabilities		**145.2**	139.4
Total liabilities and equity		**197.4**	201.3

The financial statements were approved by the Board of Directors on 15 June 2010 and signed on its behalf by:

Jonathan Flint
Director

Kevin Boyd
Director

Consolidated Statement of Cash Flows *year ended 31 March 2010*

	2010 £m	2009 £m
Profit/(loss) for the year	**13.3**	(6.7)
Adjustments for:		
Income tax expense/(credit)	**4.8**	(2.6)
Net financial (income)/expense	**(7.9)**	11.3
Reorganisation costs and impairment	**0.4**	6.8
Amortisation of acquired intangibles	**4.1**	4.3
Depreciation of property, plant and equipment	**3.8**	3.8
Amortisation of capitalised development costs	**4.0**	3.4
Earnings before interest, tax, depreciation and amortisation	**22.5**	20.3
Cost of equity settled employee share schemes	**0.5**	0.3
Restructuring costs paid	**(3.2)**	(2.5)
Cash payments to the pension scheme more than the charge to the Consolidated Statement of Income	**(3.4)**	(1.9)
Operating cash flows before movements in working capital	**16.4**	16.2
Increase in inventories	**(0.4)**	(0.2)
(Increase)/decrease in receivables	**(3.7)**	3.6
Increase/(decrease) in payables and provisions	**11.2**	(3.6)
Increase in customer deposits	**9.3**	1.6
Cash generated from operations	**32.8**	17.6
Interest paid	**(1.1)**	(1.5)
Income taxes paid	**(0.6)**	(1.7)
Net cash from operating activities	**31.1**	14.4
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	**0.2**	0.2
Proceeds from sale of available for sale equity securities	**0.7**	3.1
Proceeds from disposal of product line	**-**	0.3
Interest received	**-**	0.2
Acquisition of subsidiaries, net of cash acquired	**(2.4)**	(4.4)
Acquisition of property, plant and equipment	**(3.6)**	(3.6)
Capitalised development expenditure	**(4.0)**	(6.4)
Net cash used in investing activities	**(9.1)**	(10.6)
Cash flows from financing activities		
Proceeds from issue of share capital	**0.3**	0.1
Repayment of borrowings	**(12.2)**	(2.6)
Dividends paid	**(4.1)**	(4.1)
Net cash from financing activities	**(16.0)**	(6.6)
Net increase/(decrease) in cash and cash equivalents	**6.0**	(2.8)
Cash and cash equivalents at beginning of the year	**3.6**	7.2
Effect of exchange rate fluctuations on cash held	**(0.3)**	(0.8)
Cash and cash equivalents at end of the year	**9.3**	3.6

Recognition of changes in cash and cash equivalents to movement in net debt

Increase/(decrease) in cash and cash equivalents	**6.0**	(2.8)
Effect of foreign exchange rate changes on cash and cash equivalents	**(0.3)**	(0.8)
	5.7	(3.6)
Cash outflow from decrease in debt	**12.2**	2.6
Effect of foreign exchange rate changes on borrowings	**-**	(9.5)
Movement in net borrowings in the year	**17.9**	(10.5)
Net borrowing at start of the year	**(28.3)**	(17.8)
Net borrowing at the end of the year	**(10.4)**	(28.3)

1 RECONCILIATION BETWEEN PROFIT AND ADJUSTED PROFIT

	2010	2009
	£m	£m
Profit/(loss) before income tax	**18.1**	(9.3)
Reorganisation costs and impairment	**0.4**	6.8
Amortisation of acquired intangibles	**4.1**	4.3
Mark to market (gain)/loss in respect of derivative financial instruments	**(10.7)**	9.3
Adjusted profit before income tax	**11.9**	11.1
Share of taxation	**(3.2)**	(3.9)
Adjusted profit	**8.7**	7.2

Adjusted earnings per share	**pence**	pence
Basic	**17.8**	14.8
Diluted	**17.8**	14.8

Adjusted figures are stated before other operating income, amortisation of acquired intangibles, reorganisation costs and impairment and unrealised changes in the fair value of financial instruments.

Under IAS 39, all derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, they are also measured at fair value. In respect of instruments used to hedge foreign exchange risk and interest rate risk the Group does not take advantage of the hedge accounting rules provided for in IAS 39 since that standard requires certain stringent criteria to be met in order to hedge account, which, in the particular circumstances of the Group, are considered by the Board not to bring any significant economic benefit. Accordingly, the Group accounts for these derivative financial instruments at fair value through profit or loss. Adjusted profit for the year is stated before changes in the valuation of these instruments so that the underlying performance of the Group can more clearly be seen.

See note 10 for details of the number of shares used in the calculation of earnings per share.

2 SEGMENT INFORMATION

Information is presented in the consolidated financial statements in respect of the Group's three business segments being the primary basis of the Group's segmental reporting, namely Nanotechnology Tools, Industrial Products and Service. These segments reflect the internal reporting provided to the Chief Operating Decision Maker (considered to be the Group's Board of Directors) on a regular basis and are the level at which performance is monitored and resources allocated.

These segments comprise groups of similar products and services, a summary of which is provided below:

- The Nanotechnology Tools segment contains a group of businesses supplying similar products, characterised by a high degree of customisation and high unit prices. These are the Group's highest technology products serving research customers in both the public and private sectors.

- The Industrial Products segment contains a group of businesses supplying high technology products and components manufactured in medium volume for industrial customers.

- The Service segment contains the Group's service businesses as well as service revenues from the service activities from other parts of the Group.

Segment results include items directly attributable to a segment as well as those which can be allocated on a reasonable basis. Inter-segment pricing is determined on an arm's length basis.

No asset information is presented below as this information is not allocated to reportable segments in reporting to the Group's Board of Directors.

a) Analysis by Business

Year to 31 March 2010

	Nanotechnology Tools £m	Industrial Products £m	Service £m	Total £m
External revenue	**101.5**	**71.0**	**39.0**	**211.5**
Inter-segment revenue	**0.3**	**1.1**	**-**	
Total segment revenue	**101.8**	**72.1**	**39.0**	
Segment trading profit	**8.2**	**1.0**	**5.5**	**14.7**

Year to 31 March 2009

	Nanotechnology Tools £m	Industrial Products £m	Service £m	Total £m
External revenue	93.8	75.1	37.6	206.5
Inter-segment revenue	0.4	0.4	0.3	
Total segment revenue	94.2	75.5	37.9	
Segment trading profit/(loss)	8.6	(1.3)	5.8	13.1

Reconciliation of reportable segment profit

	2010 £m	2009 £m
Profit for reportable segments	**14.7**	13.1
Reorganisation costs and impairment	**(0.4)**	(6.8)
Amortisation of acquired intangibles	**(4.1)**	(4.3)
Financial income	**18.6**	9.8
Financial expenditure	**(10.7)**	(21.1)
Profit/(loss) before income tax	**18.1**	(9.3)

Depreciation, amortisation and impairment and capital expenditure arise in the following segments:

	2010 Depreciation £m	2010 Amortisation £m	2010 Capital expenditure £m	2009 Depreciation £m	2009 Amortisation & impairment (1) £m	2009 Capital expenditure £m
Nanotechnology Tools	**2.0**	**1.5**	**1.3**	1.7	1.1	2.5
Industrial Products	**1.2**	**2.5**	**2.0**	1.4	2.3	0.8
Service	**0.1**	**-**	**0.1**	0.1	-	0.1
Unallocated Group items	**0.5**	**4.1**	**0.2**	0.6	7.5	0.2
Total	**3.8**	**8.1**	**3.6**	3.8	10.9	3.6

Amortisation of Research and Development costs is included in arriving at segment trading profit. Amortisation of acquired intangibles is included below segment trading profit and so has been included within unallocated Group items.

(1) Amortisation and impairment in 2009 includes impairment of property, plant and equipment (£0.4m), research and development (£1.0m) and inventory (£1.8m), as disclosed in restructuring costs in the year to 31 March 2009.

b) Geographical Analysis

The Group's reportable segments are located across several geographical locations, and make sales to customers in countries across the world.

The analysis below shows revenue and non-current assets (excluding deferred tax) for individual countries or regions that represent more than 5% of revenue.

Revenue from external customers

	2010 £m	2009 £m
USA	**54.4**	51.6
Rest of Europe	**34.2**	37.8
Rest of Asia	**25.2**	23.5
UK	**24.5**	24.5
Japan	**23.2**	20.0
China	**22.4**	17.2
Germany	**17.2**	17.5
Rest of World	**10.4**	14.4
Total	**211.5**	206.5

Non current Assets (excluding deferred tax)

	2010 £m	2009 £m
UK	**30.4**	30.2
Germany	**19.8**	23.9
USA	**13.1**	14.2
Rest of Europe	**8.6**	9.8
Japan	**0.1**	0.1
China	**0.1**	0.2
Total	**72.1**	78.4

3 TRADING EXPENSES EXCLUDING COST OF SALES

	2010 £m	2009 £m
Selling and marketing costs	**36.1**	36.4
Administration and shared services	**20.0**	19.6
Research and development (note 4)	**13.1**	13.3
Foreign exchange loss	**6.7**	8.3
	75.9	77.6

The foreign exchange loss represents the loss arising on foreign exchange hedging instruments which matured during the year.

Auditor's remuneration	**£'000**	£'000
Audit of these financial statements	**107**	104
Amounts received by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	**188**	196
Other services relating to tax	**7**	16
Other services	**6**	27
Total fees paid to auditor and its associates	**308**	343

4 RESEARCH AND DEVELOPMENT

The total research and development spend by the Group is as follows:

	2010			2009		
	Nanotechnology Tools £m	**Industrial Products £m**	**Total £m**	Nanotechnology Tools £m	Industrial Products £m	Total £m
Total cash spent on research and development during the year	**8.2**	**4.9**	**13.1**	8.4	7.9	16.3
Less: amount capitalised	**(3.2)**	**(0.8)**	**(4.0)**	(3.7)	(2.7)	(6.4)
Add: amortisation of amounts previously capitalised	**1.5**	**2.5**	**4.0**	1.1	2.3	3.4
Research and development charged to Consolidated Statement of Income	**6.5**	**6.6**	**13.1**	5.8	7.5	13.3

5 REORGANISATION COSTS AND IMPAIRMENT

	2010 £m	2009 £m
Profit on disposal of Oxford Diffraction Ltd	**-**	3.4
Loss on disposal of MBE product line	**-**	(1.0)
Restructuring costs	**(0.4)**	(8.7)
	(0.4)	(6.3)
Impairment of carrying value of ARKeX Ltd	**-**	(0.5)
	(0.4)	(6.8)

During the year, the Group concluded the restructuring programme started in the previous year. This resulted in additional redundancy and related costs at sites in Japan, France, Finland and the UK of £0.4m.

Restructuring costs in the year to 31 March 2009 comprise rationalisation of activities at sites in Oxfordshire and High Wycombe UK, Chicago US, Espoo Finland, Uedem and Ismaning Germany, and Hobro Denmark. Costs comprise redundancy and related charges of £5.5m, inventory impairments of £1.8m, capitalised research and development impairments of £1.0m and fixed asset impairments of £0.4m.

The Group disposed of its 22% holding in Oxford Diffraction Ltd on 4 April 2008 resulting in a profit of £3.4m. The final part of the consideration of £0.7m was received on 15 December 2009.

On 22 September 2008 the Group disposed of the Molecular Beam Epitaxy (MBE) product line to Riber SA for a cash consideration of £0.3m with a resulting loss on disposal of £1.0m.

In the year to 31 March 2009 the Group recognised an impairment charge of £0.5m against the cost of its investment in and loans to ARKeX Ltd.

6 PERSONNEL COSTS

	2010 £m	2009 £m
Wages and salaries	**51.6**	55.7
Social security costs	**5.1**	5.4
Charge in respect of defined benefit pension schemes	**1.9**	2.9
Contributions to defined contribution pension plans	**2.0**	1.8
Charge in respect of employee share options	**0.5**	0.3
	61.1	66.1

Directors' emoluments are disclosed in the Directors' Remuneration Report on pages 28 to 34 of this Annual Report.

7 EMPLOYEES

The average number of people employed by the Group (including Directors and temporary employees) during the year was as follows:

	2010 Number	2009 Number
Production	**584**	676
Sales and marketing	**366**	377
Research and development	**184**	252
Administration and shared services	**207**	226
Total average number of employees	**1,341**	1,531

8 SHARE OPTION SCHEMES

The Group operates four share option schemes.

All employee Save As You Earn Scheme
Options awarded under the Save As You Earn scheme have a vesting period of either 3 or 5 years. The exercise prices are determined according to the mid-market closing share price on the day before the date of grant. Options must be exercised within 6 months of vesting. There are no performance conditions associated with this scheme. The final grant under this scheme was made in December 2006 and at the current time the Directors do not intend to grant any further options under this scheme.

Executive Share Option Scheme (ESO)
Options awarded under the Executive Share Option scheme are made annually to certain senior executives. The exercise prices are determined according to the mid-market closing share price on the day before the date of grant. Options have a life of 10 years and a vesting period of 3 years.

Senior Executive Long Term Incentive Scheme (SELTIS)
Options awarded under the Senior Executive Long Term Incentive scheme are made annually to certain senior executives. The exercise prices are nil. Options have a life of 10 years and a vesting period of 3 years.

Both the Executive Share Option scheme and Senior Executive Long Term Incentive Scheme are subject to performance conditions which can be found in the Directors' Remuneration Report on pages 28 to 34.

All employee Share Incentive Plan (SIP)
All UK employees are eligible to participate in the Group's HM Revenue and Customs approved SIP. Participating employees make a cash contribution to the plan each month. The Group contributes a further amount equal to 20% of the employee's contribution. Independent trustees then purchase shares in the market on behalf of the employees. The matching shares vest on the completion by the participating employee of a further three years service and can be withdrawn from the plan tax-free after 5 years service.

Administrative expenses include a charge of £0.5m (2009: £0.3m) in respect of the cost of providing share options. The cost is calculated by estimating the fair value of the option at grant date and spreading that amount over the vesting period.

Fair values are determined using an internal calculation based on Monte-Carlo stochastic and modified Black-Scholes models. Expected volatility has been based on historical volatility over a period of time of the same length as the expected option life and ending on the grant date. Half of the ESO options issued before 2009 and all SELTIS options use Total Shareholder Return (TSR) as a performance condition. As TSR is a market based performance condition, the accounting treatment differs from that for shares subject to internal performance conditions. This means that the TSR performance conditions have been incorporated into the calculation of the fair value as a discount in calculating the fair value.

For options granted in 2009 and 2010, the fair value per option granted and the assumptions used in the calculation are as follows:

	Senior Executive Long Term Incentive Scheme		Executive Share Option Scheme	
	2010	2009	**2010**	2009
Fair value at measurement date	**£0.784**	£0.481	**£0.494**	£0.238
Share price	**£2.030**	£1.330	**£2.030**	£1.330
Exercise price	**£nil**	£nil	**£2.035**	£1.350
Expected volatility	**44.2%**	36.6%	**35.3%**	34.4%
Expected option life (expressed as weighted average life used in the modelling)	**3 years**	3 years	**6 years**	6 years
Expected dividend yield	**4.1%**	6.3%	**4.1%**	6.3%
Risk free interest rate	**1.7%**	2.3%	**3.0%**	3.0%
Performance condition discount in respect of TSR condition	**56.3%**	56.3%	**n/a**	n/a

The options existing at the year end were as follows:

	2010 Number of shares	**Exercise price**	**Period when exercisable**	2009 Number of shares
Options subsisting at the year end on unissued ordinary shares				
Executive Share Option Schemes				
July 2000	**125**	**£1.83**	**01/04/10 – 21/12/10**	2,625
December 2002	**-**	**£1.48**	**01/04/09 – 13/12/12**	30,000
July 2003	**87,000**	**£1.875**	**01/04/10 – 15/07/13**	141,250
July 2004	**84,750**	**£2.18**	**01/04/10 – 15/07/14**	146,500
July 2005	**182,742**	**£2.19**	**01/04/10 – 15/07/15**	234,437
December 2005	**-**	**£2.425**	**01/04/09 – 15/12/15**	1,470
July 2006	**159,350**	**£2.10**	**01/04/10 – 15/07/16**	382,450
September 2006	**33,333**	**£2.038**	**01/04/10 – 04/09/16**	66,667
September 2007	**397,500**	**£2.32**	**28/09/10 – 28/09/17**	459,500
December 2007	**2,000**	**£1.925**	**18/12/10 – 18/12/17**	2,000
December 2008	**844,000**	**£1.35**	**16/12/11 – 16/12/18**	878,000
December 2009	**667,500**	**£2.035**	**17/12/12 – 17/12/19**	-
Save As You Earn				
December 2003	**-**	**£1.64**	**01/04/09 – 31/07/09**	39,512
December 2004	**10,809**	**£1.65**	**01/04/10 – 31/07/10**	86,112
December 2005	**-**	**£2.14**	**01/04/09 – 31/07/09**	40,792
December 2005	**59,601**	**£2.02**	**01/02/11 – 31/07/11**	75,217
December 2006	**11,661**	**£1.83**	**01/04/10 – 31/07/10**	76,780
December 2006	**104,450**	**£1.73**	**01/02/12 – 31/07/12**	131,739
Total options subsisting on unissued ordinary shares	**2,644,821**			2,795,051
Percentage of issued share capital	**5.3%**			5.7%

Options subsisting at the year end on existing ordinary shares held in trust				
Senior Executive Long Term Incentive Scheme				
July 2005	**-**	**Nil**	01/04/09 – 15/07/12	24,500
December 2005	**9,800**	**Nil**	01/04/10 – 25/07/12	19,600
July 2006	**6,250**	**Nil**	25/07/09 – 25/07/13	75,000
September 2006	**-**	**Nil**	25/09/09 – 25/07/13	12,500
July 2007	**87,500**	**Nil**	25/07/10 – 25/07/14	87,500
December 2008	**260,000**	**Nil**	16/12/11 – 18/12/15	260,000
December 2009	**160,000**	**Nil**	17/12/12 – 18/12/16	-
Executive Share Option Scheme				
December 1999	**-**	**£1.945**	01/04/09 – 23/12/09	5,500
Save As You Earn				
December 2003	**-**	**£1.64**	01/04/09 – 31/07/09	34,469
Total options subsisting on existing ordinary shares held in trust	**523,550**			519,069

The number and weighted average exercise prices of those options are as follows:

	Weighted average exercise price 2010	Number of options 2010	Weighted average exercise price 2009	Number of options 2009
Outstanding at the beginning of the period	**£1.58**	**3,314,120**	£1.87	2,741,909
Granted during the year	**£1.64**	**827,500**	£1.04	1,138,000
Forfeited during the year	**£1.79**	**(141,266)**	£1.91	(81,315)
Exercised during the year	**£1.27**	**(233,777)**	£1.76	(50,382)
Lapsed during the year	**£1.87**	**(598,206)**	£1.93	(434,092)
Outstanding at the year end	**£1.55**	**3,168,371**	£1.58	3,314,120
Exercisable at the year end	**£1.99**	**749,871**	£1.90	720,655

9 INCOME TAX EXPENSE

Recognised in the Consolidated Statement of Income

	2010 £m	2009 £m
Current tax expense		
Current year	**2.8**	1.0
Adjustment in respect of prior years	**(0.8)**	(0.3)
	2.0	0.7
Deferred tax expense		
Origination and reversal of temporary differences	**2.0**	(4.4)
Write off of deferred tax previously recognised	**-**	0.8
Adjustment in respect of prior years	**0.8**	0.3
	2.8	(3.3)
Total tax expense/(income)	**4.8**	(2.6)
Reconciliation of effective tax rate		
Profit/(loss) before income tax	**18.1**	(9.3)
Income tax using the UK corporation tax rate of 28%	**5.1**	(2.6)
Effect of:		
Tax rates in foreign jurisdictions	**-**	(0.6)
Non-tax deductible expenses	**0.3**	0.3
Profit on disposal of held for sale assets	**-**	(0.8)
Tax incentives not recognised in the Consolidated Statement of Income	**(0.3)**	-
Temporary differences not recognised for deferred tax	**0.1**	0.2
Effect of current tax losses not utilised	**-**	0.7
Effect of previous tax losses now utilised	**(0.4)**	(0.6)
Write off of deferred tax previously recognised	**-**	0.8
Under provided in prior years	**-**	-
Total tax expense/(income)	**4.8**	(2.6)
Taxation recognised directly in equity		
Current tax – relating to employee benefits	**(0.9)**	-
Deferred tax - relating to employee benefits	**(5.5)**	1.8
Deferred tax – relating to cash flow hedges	**0.3**	(0.2)
	(6.1)	1.6

10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on a weighted average number of ordinary shares outstanding during the year, excluding shares held by the Employee Share Ownership Trust, as follows:

	2010 Shares million	2009 Shares million
Weighted average number of shares outstanding	**49.4**	49.4
Less shares held by Employee Share Ownership Trust	**(0.5)**	(0.6)
Weighted average number of shares used in calculation of earnings per share	**48.9**	48.8

The following table shows the effect of share options on the calculation of diluted earnings per share:

	2010 Shares million	2009 Shares million
Weighted average number of ordinary shares per basic earnings per share calculations	**48.9**	48.8
Effect of shares under option	**0.3**	0.2
Weighted average number of ordinary shares per diluted earnings per share calculations	**49.2**	49.0

11 DIVIDENDS PER SHARE

The following dividends per share were paid by the Group:

	2010 pence	2009 pence
Previous year interim dividend	**2.4**	2.4
Previous year final dividend	**6.0**	6.0
	8.4	8.4

The following dividends per share were proposed by the Group in respect of each accounting year presented:

	2010 pence	2009 pence
Interim dividend	**2.4**	2.4
Final dividend	**6.0**	6.0
	8.4	8.4

The interim dividend was not provided for at the year end and was paid on 8 April 2010.
The final proposed dividend of 6.0 pence per share (2009: 6.0 pence) will not be provided for until authorised by shareholders at the forthcoming Annual General Meeting.

12 ACQUISITIONS

The following acquisitions occurred in the prior year.

Technologies and Devices International Inc
On 9 April 2008 the Group acquired 100% of the voting rights in Technologies and Devices International Inc based in Silver Spring, Maryland, USA for a net cash consideration of £1.2m. In addition, deferred consideration of £0.5m was paid on 1 October 2008. Further contingent consideration of up to £3.5m ($5.0m) is payable based on post acquisition revenue growth. The Group's best estimate of this contingent consideration at the current time is £0.7m. The company is a manufacturer and developer of Hydride Vapour Phase Epitaxy templates.

In the period following acquisition to 31 March 2009, the company contributed revenue of £1.0m and a loss before tax of £1.5m (including amortisation of acquired intangibles of £0.8m) to the Group. As the acquisition occurred close to the start of the prior year it is estimated that these amounts approximate to those which would be reported had the acquisition taken place on the first day of the year.

The following table gives an analysis of the assets acquired and the goodwill arising:

	Book value £m	Fair value adjustments £m	Fair value to the Group £m
Intangible assets	0.2	3.4	3.6
Receivables	0.1	-	0.1
Payables and provisions	(0.3)	-	(0.3)
Deferred tax assets	-	0.1	0.1
Deferred tax liabilities	-	(1.2)	(1.2)
Total net assets acquired	-	2.3	2.3
Goodwill			-
Total purchase cost *			2.3
Less contingent consideration			(0.6)
Net cash outflow in respect of the purchase			1.7

* Includes costs associated with the acquisition of £0.1m.

The book value of the assets acquired was based on the management accounts at the date of acquisition. The fair value adjustment relates to the recognition of technology related intangible assets and associated deferred tax.

Oxford Instruments Nordiska AB

On 28 May 2008 the Group acquired 100% of the voting rights in Oxford Instruments Nordiska AB from Link Nordiska AB based in Lidingo, Sweden for a net cash consideration of £0.6m. Further contingent consideration of up to £0.6m is payable based on post acquisition revenue growth. The Group's best estimate of this contingent consideration at the current time is £0.3m. The company is a distributor of Oxford Instruments NanoAnalysis equipment in Scandinavia.

In the period following acquisition to 31 March 2009, the company contributed revenue of £1.5m and no profit or loss before tax to the Group. Amortisation of acquired intangibles of £0.1m was charged in arriving at this figure. Had the acquisition taken place on the first day of the financial year, additional revenue of £0.3m would have been earned by the Group. The result before tax would have been unchanged.

The following table gives an analysis of the assets acquired and the goodwill arising:

	Book value £m	Fair value adjustments £m	Fair value to the Group £m
Intangible assets	-	0.9	0.9
Receivables	0.3	-	0.3
Net cash	0.4	-	0.4
Payables and provisions	(0.5)	-	(0.5)
Deferred tax liabilities	-	(0.3)	(0.3)
Total net assets acquired	0.2	0.6	0.8
Goodwill			0.2
Total purchase cost			1.0
Less contingent consideration			(0.4)
Net cash outflow in respect of the purchase			0.6
Less cash acquired			(0.4)
Net cash outflow on acquisition			0.2

The book value of the assets was based on the financial accounting records at the date of acquisition. The fair value adjustments relate to the recognition of customer related intangible assets and associated deferred tax. The goodwill comprises the value attributable to the employee workforce as well as expected revenue and cost synergies that are expected to arise following the integration of the business into the Group.

13 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £m	Plant and equipment £m	Fixtures and fittings £m	Total £m
Cost				
Balance at 1 April 2008	15.0	34.0	7.9	56.9
Acquisitions	0.1	3.4	0.1	3.6
Disposals	-	-	(0.7)	(0.7)
Effect of movements in foreign exchange rates	1.2	5.1	0.2	6.5
Balance at 31 March 2009	16.3	42.5	7.5	66.3
Balance at 1 April 2009	**16.3**	**42.5**	**7.5**	**66.3**
Acquisitions	**-**	**3.1**	**0.5**	**3.6**
Disposals	**(0.3)**	**(5.7)**	**(1.0)**	**(7.0)**
Effect of movements in foreign exchange rates	**(0.2)**	**(1.1)**	**(0.1)**	**(1.4)**
Balance at 31 March 2010	**15.8**	**38.8**	**6.9**	**61.5**
Depreciation and impairment losses				
Balance at 1 April 2008	3.1	25.3	6.1	34.5
Depreciation charge for the year	0.3	3.2	0.3	3.8
Impairment charge	-	0.4	-	0.4
Disposals	-	-	(0.5)	(0.5)
Effect of movements in foreign exchange rates	0.6	3.8	0.2	4.6
Balance at 31 March 2009	4.0	32.7	6.1	42.8
Balance at 1 April 2009	**4.0**	**32.7**	**6.1**	**42.8**
Depreciation charge for the year	**0.4**	**2.9**	**0.5**	**3.8**
Disposals	**(0.3)**	**(5.7)**	**(0.9)**	**(6.9)**
Effect of movements in foreign exchange rates	**(0.1)**	**(0.9)**	**-**	**(1.0)**
Balance at 31 March 2010	**4.0**	**29.0**	**5.7**	**38.7**
Carrying amounts				
At 1 April 2008	11.9	8.7	1.8	22.4
At 31 March 2009 and 1 April 2009	12.3	9.8	1.4	23.5
At 31 March 2010	**11.8**	**9.8**	**1.2**	**22.8**

14 INTANGIBLE ASSETS

	Goodwill £m	Customer related acquired intangibles £m	Technology related acquired intangibles £m	Development costs £m	Total £m
Cost					
Balance at 1 April 2008	11.5	3.1	21.0	20.2	55.8
Acquisitions - internally developed	-	-	-	6.4	6.4
Acquisitions – business combinations	2.1	0.9	3.6	-	6.6
Disposals	(0.6)	-	-	(1.4)	(2.0)
Effect of movements in foreign exchange rates	2.2	-	5.0	1.9	9.1
Balance at 31 March 2009	15.2	4.0	29.6	27.1	75.9
Balance at 1 April 2009	**15.2**	**4.0**	**29.6**	**27.1**	**75.9**
Acquisitions - internally developed	**-**	**-**	**-**	**4.0**	**4.0**
Disposals	**-**	**-**	**-**	**(1.1)**	**(1.1)**
Reclassification	**-**	**0.5**	**(0.5)**	**-**	**-**
Effect of movements in foreign exchange rates	**(0.5)**	**-**	**(1.1)**	**(0.4)**	**(2.0)**
Balance at 31 March 2010	**14.7**	**4.5**	**28.0**	**29.6**	**76.8**
Amortisation and impairment losses					
Balance at 1 April 2008	1.1	2.4	2.5	5.8	11.8
Amortisation charge for the year	-	0.1	4.2	3.4	7.7
Impairment charge	-	-	-	1.0	1.0
Disposals	-	-	-	(1.3)	(1.3)
Effect of movements in foreign exchange rates	0.2	-	1.1	0.5	1.8
Balance at 31 March 2009	1.3	2.5	7.8	9.4	21.0
Balance at 1 April 2009	1.3	2.5	7.8	9.4	21.0
Amortisation charge for the year	-	0.3	3.8	4.0	8.1
Disposals	-	-	-	(1.1)	(1.1)
Reclassification	-	1.1	(1.1)	-	-
Effect of movements in foreign exchange rates	-	(0.1)	(0.2)	(0.2)	(0.5)
Balance at 31 March 2010	**1.3**	**3.8**	**10.3**	**12.1**	**27.5**
Carrying amounts					
At 1 April 2008	10.4	0.7	18.5	14.4	44.0
At 31 March 2009 and 1 April 2009	13.9	1.5	21.8	17.7	54.9
At 31 March 2010	**13.4**	**0.7**	**17.7**	**17.5**	**49.3**

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill was allocated to individual CGU's as follows:

	2010 £m	2009 £m
Nanotechnology Tools		
NanoScience	2.4	2.5
NanoAnalysis	3.4	3.5
Plasma Technology	0.1	0.1
Industrial Products		
Industrial Analysis	3.5	3.6
Magnetic Resonance	2.3	2.3
Service		
Austin Scientific	1.7	1.9
	13.4	13.9

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The impairment test operates by determining the recoverable amounts of relevant cash generating units, which are calculated as the higher of the fair value less costs to sell or their value in use. The recoverable amount of the Group's goodwill is based on value in use calculations. For the purpose of impairment testing, Board-approved three year cash flow forecasts, prepared by the management of each CGU are used as a basis for the value in-use calculations together with 5% growth for each CGU for the subsequent twenty years.

Key assumptions
The key assumptions are those regarding discount rates, growth rates, expected selling prices and direct costs during the period.

The growth rates are based on industry growth factors. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The post tax weighted average costs of capital used in impairment testing range between 11.5% and 13.0% (2009: 6.0%). Management have estimated these discount rates by reference to past experience and an industry average weighted cost of capital as adjusted for appropriate risk factors reflecting current economic circumstances and the risk profiles of each CGU.

Sensitivity analysis
The Group's estimate of impairments are most sensitive to increases in the discount rate and forecast cash flows. Sensitivity analysis has been carried out by reference to both of these assumptions. This demonstrated that an impairment would only be required if there was an increase in the discount rates of 220 basis points or a 16% reduction in forecast cash flows on the CGU with the lowest level of headroom. Sensitivity testing on the other CGUs shows an even greater level of headroom.

Based on the above, it is not considered possible that any reasonable change to the key assumptions would generate a different impairment test outcome to the one included in these Financial Statements.

15 DEFERRED TAX

Movements in deferred tax assets and liabilities were as follows:

	Property, plant and equipment	Inventory	Employee benefits	Intangible assets	Tax losses	Other	Total
Balance 31 March 2008	3.2	1.4	6.9	(9.3)	0.1	1.2	3.5
Recognised in income	0.1	(0.3)	0.5	(1.8)	1.9	2.9	3.3
Recognised in equity	-	-	(1.8)	-	-	0.2	(1.6)
Acquisitions	-	-	-	(1.5)	-	-	(1.5)
Foreign exchange	0.2	0.1	(1.0)	0.3	0.1	0.3	-
Balance 31 March 2009	**3.5**	**1.2**	**4.6**	**(12.3)**	**2.1**	**4.6**	**3.7**
Recognised in income	**(1.3)**	**0.1**	**0.7**	**1.3**	**(0.6)**	**(3.0)**	**(2.8)**
Recognised in equity	**-**	**-**	**5.5**	**-**	**-**	**(0.3)**	**5.2**
Foreign exchange	**-**	**(0.1)**	**(0.1)**	**0.3**	**-**	**-**	**0.1**
Balance 31 March 2010	**2.2**	**1.2**	**10.7**	**(10.7)**	**1.5**	**1.3**	**6.2**

Certain deferred tax assets and liabilities have been offset as follows:

		Assets		Liabilities		Net
	2010 £m	2009 £m	**2010 £m**	2009 £m	**2010 £m**	2009 £m
Gross assets/(liabilities)	**17.2**	16.0	**(11.0)**	(12.3)	**6.2**	3.7
Offset	**(4.3)**	(4.7)	**4.3**	4.7	**-**	-
Net assets/(liabilities)	**12.9**	11.3	**(6.7)**	(7.6)	**6.2**	3.7

Deferred tax assets have not been recognised in respect of the following items:

	2010 £m	2009 £m
Deductible temporary differences	**2.2**	2.7
Tax losses	**12.7**	11.6
	14.9	14.3

The losses do not expire under current tax legislation. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profits will be available in the subsidiaries concerned against which the Group can utilise the benefits there from.

No deferred tax liability has been recognised in respect of £48.7m (2009: £52.7m) of undistributed earnings of overseas subsidiaries as the Group is able to control the timing of remittances so that any tax is not expected to arise in the foreseeable future.

16 INVENTORIES

	2010 £m	2009 £m
Raw materials and consumables	**10.2**	11.9
Work in progress	**14.1**	13.4
Finished goods	**15.0**	14.6
	39.3	39.9

The amount of inventory recognised as an expense comprises cost of sales. In the prior year the amount of inventory recognised as an expense also included £1.8m that was included within reorganisation costs.

17 TRADE AND OTHER RECEIVABLES

	2010 £m	2009 £m
Trade receivables	**53.1**	50.6
Less provision for impairment of receivables	**(0.7)**	(0.5)
Net trade receivables	**52.4**	50.1
Prepayments	**2.1**	2.2
Other receivables	**5.7**	5.3
	60.2	57.6

Trade receivables are non-interest bearing. Standard credit terms provided to customers differ according to business and country, and are typically between 30 and 60 days.

The maximum exposure to credit risk for trade receivables by geographic region was:

	2010 £m	2009 £m
UK	**16.3**	17.6
Continental Europe	**10.4**	11.3
North America	**14.6**	13.1
Japan	**10.5**	8.3
Rest of World	**1.3**	0.3
	53.1	50.6

The ageing of trade receivables at the reporting date was:

	2010 £m	2009 £m
Current (not overdue)	**33.8**	33.1
Less than 31 days overdue	**8.7**	7.9
More than 30 days but less than 91 days overdue	**6.1**	3.5
More than 90 days overdue	**4.5**	6.1
	53.1	50.6

In both periods presented all of the provision against trade receivables relates to balances more than 90 days overdue.

The movement in the allowance for impairment of trade receivables during the year was as follows:

	2010 £m	2009 £m
Balance at start of year	**0.5**	0.6
Increase/(decrease) in allowance	**0.2**	(0.1)
Balance at end of year	**0.7**	0.5

18 FINANCIAL RISK MANAGEMENT

The Group's multinational operations and debt financing expose it to a variety of financial risks. In the course of its business, the Group is exposed to foreign currency risk, interest rate risk, liquidity risk, commodity risk and credit risk. Financial risk management is an integral part of the way the Group is managed. Financial risk management policies are set by the Board of Directors. These policies are implemented by a central treasury function that has formal procedures to manage foreign exchange risk, interest rate risk, and liquidity risk, including, where appropriate, the use of derivative financial instruments. Commodity risk is managed locally by the operating businesses. The Group has clearly defined authority and approval limits.

In accordance with its treasury policy, the Group does not hold or use derivative financial instruments for trading or speculative purposes. Such instruments are only used to manage the risks arising from operating or financial assets or liabilities or highly probable future transactions.

The Group uses derivative financial instruments to hedge its exposure to fluctuations in foreign exchange rates, interest rates and commodity prices.

The Group has adopted hedge accounting for a limited number of related commodity contracts as outlined below. However, in common with a number of other companies, the Group has decided that the additional costs of meeting the extensive documentation requirements of IAS 39 to apply hedge accounting to derivative financial instruments used for hedging exposure to foreign currency and interest rate volatility cannot be justified. Accordingly the Group does not use hedge accounting for such derivatives.

Foreign Currency Risk
Foreign currency risk arises both where sale or purchase transactions are undertaken in currencies other than the respective functional currencies of Group companies (transactional exposures) and where the results of overseas companies are consolidated into the Group's reporting currency of sterling (translational exposures). The Group has operations around the world which record their results in a variety of different local functional currencies. In countries where the Group does not have operations, it invariably has some customers or suppliers that transact in a foreign currency. The Group is therefore exposed to the changes in foreign currency exchange rates between a number of different currencies but the Group's primary exposures relate to the US dollar, the Euro and the Japanese Yen. To reduce uncertainty the Group maintains a rolling hedge equivalent to 80% of the exposure expected to arise over the following 12 months. The hedge comprises a mixture of fixed forward contracts and option based products. The remaining 20% is sold on the spot market as it arises. The fair value of outstanding currency contracts recognised as a liability as at 31 March 2010 amount to £3.4m (2009: £11.4m) and those recognised as an asset amount to £0.7m (2009: £0.2m).

Changes in the fair value of derivative financial instruments are recognised in the Consolidated Statement of Income immediately. However, in order to facilitate a more meaningful comparison of the Group's performance year on year such changes are treated as an adjusting item in the calculation of adjusted earnings (see note 1).

The Group's translational exposures to foreign currency risks can relate both to the Consolidated Statement of Income and net assets of overseas subsidiaries. The Group's policy is not to hedge the translational exposure that arises on consolidation of the Consolidated Statements of Income of overseas subsidiaries.

Interest Rate Risk
Interest rate risk comprises both the interest rate price risk that results from borrowing at fixed rates of interest and also the interest cash flow risk that results from borrowing at variable rates. At this time, the majority of the Group's borrowings attract floating rates of interest and therefore the Group's principal interest rate risk is a cash flow risk. In May 2008 the Group entered into an interest rate swap in order to manage its exposure to interest rate movements. Under the terms of the swap, the Group pays fixed interest of 4.1% on the notional amount of £14.8m and receives three months Sterling LIBOR.

The fair value of swaps entered into as at 31 March 2010 is estimated as a liability of £0.9m (2009: £0.9m). These amounts are based on market estimates of equivalent instruments at the Consolidated Statement of Financial Position date. These interest rate swaps are not designated as cash flow hedges and they are accounted for at fair value through profit or loss. No charge was made to the Consolidated Statement of Income in the period (2009: £0.9m).

Liquidity Risk
Liquidity risk represents the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing this risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages this risk by maintaining adequate committed lines of funding from high quality lenders. The facilities committed to the Group as at 31 March 2010 are set out in note 21.

Credit Risk
Credit risk arises because a counterparty may fail to perform its obligations. The Group is exposed to credit risk on financial assets such as cash balances, derivative financial instruments, trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. The amounts recognised in the Consolidated Statement of Financial Position are net of appropriate allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment. Trade receivables are subject to credit limits, and control and approval procedures in the operating companies.

Due to its large geographic base and number of customers, the Group is not exposed to material concentrations of credit risk on its trade receivables. Credit risk associated with cash balances and derivative financial instruments is managed by transacting with financial institutions with high quality credit ratings. Accordingly the Group's associated credit risk is limited. The Group has no significant concentration of credit risk. The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the Group Consolidated Statement of Financial Position.

Exposure to credit risk
The carrying amount of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at 31 March 2010 was £70.0m (2009: £68.9m).

	2010	2009
	£m	£m
Trade receivables	**52.4**	50.1
Other receivables	**5.7**	5.3
Cash and cash equivalents	**11.2**	13.3
Forward exchange contracts	**0.7**	0.2
	70.0	68.9

The maximum exposure to credit risk for trade receivables is discussed in note 17.

Other receivables include £2.6m (2009: £2.4m) in respect of VAT and similar taxes which are not past due.

Commodity risk
The Group is exposed to changes in commodity prices, particularly in respect of copper used as a major component in the Group's US operations. It manages this exposure using derivative commodity hedging instruments.

At 31 March 2010, the Group had outstanding commodity hedge contracts with a fair value of £0.1m (2009: £0.7m liability) that were designated and effective as cash flow hedges of committed and highly probable forecast transactions. Fair value movements of these contracts have been deferred in equity until the hedged transaction takes place. These contracts all mature within one year of the Consolidated Statement of Financial Position date.

A £0.5m gain net of tax (2009: £0.7m loss) has been deferred in equity as at 31 March 2010 in respect of these contracts. A gain of £0.2m (2009: £0.8m loss) has been recycled to current assets (inventory) in respect of contracts designated as cash flow hedges that have matured during the year to 31 March 2010.

At 31 March 2010 the Group had provided a margin call to the provider of the hedge contracts amounting to £nil (2009: £0.6m).

Capital Management
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors both the demographic spread of shareholders and the level of dividends to ordinary shareholders.

The Board encourages employees to hold shares in the Company. As well as various share option plans (full details of which are given in note 8), from April 2008 all UK employees have been offered the opportunity to take part in a Share Incentive Plan (SIP). Under this plan, employees are able to invest up to £1,500 each tax year in shares in the Company. The Company awards one additional free share (a matching share) for every five shares bought by each employee. It is envisaged that no further options will be offered under the Save as You Earn (SAYE) option scheme.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group maintains the right to purchase its own shares in the market; the timing of these purchases would depend on market prices. Buy and sell decisions are made on a specific transaction basis by the Board. There were no changes to the Group's approach to capital management during the year. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements. To assist the Board in capital management earnings per share is regularly reported to them.

19 FINANCIAL INSTRUMENTS

Fair values of financial assets and liabilities
The fair values of financial assets and liabilities together with the carrying amounts shown in the Consolidated Statement of Financial Position are as follows:

	Fair value hierarchy	**Carrying amount 2010 £m**	**Fair value 2010 £m**	Carrying amount 2009 £m	Fair Value 2009 £m
Assets carried at amortised cost					
Trade receivables		**52.4**	**52.4**	50.1	50.1
Other receivables		**5.7**	**5.7**	5.3	5.3
Cash and cash equivalents		**11.2**	**11.2**	13.3	13.3
Assets carried at fair value					
Derivative financial instruments:					
Assets					
Foreign currency contracts	**1**	**0.7**	**0.7**	0.2	0.2
Copper hedging contracts (net of cash guarantee)	**1**	**0.1**	**0.1**	-	-
		0.8	**0.8**	0.2	0.2
Liabilities carried at fair value					
Liabilities					
Foreign currency contracts	**1**	**(3.4)**	**(3.4)**	(11.4)	(11.4)
Interest rate swaps	**1**	**(0.9)**	**(0.9)**	(0.9)	(0.9)
Copper hedging contracts (net of cash guarantee)	**1**	**-**	**-**	(0.1)	(0.1)
		(4.3)	**(4.3)**	(12.4)	(12.4)
Liabilities carried at amortised cost					
Secured bank borrowing (note 21)		**19.7**	**18.8**	(31.9)	(29.1)
Trade and other payables		**(70.0)**	**(70.0)**	(54.3)	(54.3)
Bank overdraft		**(1.9)**	**(1.9)**	(9.7)	(9.7)

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the above table.

Derivative financial instruments
Derivative financial instruments are marked to market using listed market prices.

Fixed and floating rate borrowings
The fair value of fixed and floating rate borrowings is estimated by discounting the future contracted principal and interest cash flows using the market rate of interest at the reporting date.

Trade and other receivables/payables
For receivables/payables with a remaining life of less than one year, the carrying amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

Fair value hierarchy
The table above gives details of the valuation method used in arriving at the fair value of financial instruments. The different levels have been identified as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices)
Level 3: inputs for the asset or liability that are not based on observable market data

Maturity of financial liabilities

31 March 2010

	Carrying amount £m	**Contractual cash flows £m**	**Due within one year £m**	**Due 1 – 5 years £m**	**Due more than 5 years £m**
Bank overdrafts	**1.9**	**1.9**	**1.9**	**-**	**-**
Secured bank borrowing	**19.7**	**20.6**	**0.4**	**19.7**	**0.5**
Trade and other payables	**70.0**	**70.0**	**69.1**	**0.9**	**-**
Foreign exchange contracts	**3.4**	**4.0**	**3.5**	**0.5**	**-**
Interest rate swaps	**0.9**	**1.0**	**0.5**	**0.5**	**-**
	95.9	**97.5**	**75.4**	**21.6**	**0.5**

31 March 2009

	Carrying amount £m	Contractual cash flows £m	Due within one year £m	Due 1 – 5 years £m	Due more than 5 years £m
Bank overdrafts	9.7	9.7	9.7	-	-
Secured bank borrowing	31.9	34.4	0.7	33.1	0.6
Trade and other payables	54.3	54.3	53.3	1.0	-
Foreign exchange contracts	11.5	8.3	6.5	1.8	-
Interest rate swaps	0.9	1.1	0.4	0.7	-
	108.3	107.8	70.6	36.6	0.6

At the reporting date the interest rate profile of the Group's interest – bearing financial instruments was:

	Carrying amount 2010 £m	Carrying amount 2009 £m
Variable rate instruments		
Financial assets	**11.2**	13.3
Financial liabilities	**(20.9)**	(40.7)
Fixed rate instruments		
Financial liabilities	**(0.7)**	(0.9)

Bank overdraft
The bank overdrafts are repayable on demand. Bank overdrafts carry interest rates of either 2.75% or 2.21% in the UK and Europe, and 3.62% in Japan.

Sensitivity analysis
The Group has estimated the impact of the change to the fair value of its financial instruments and the translation of currency profits and assets on the Consolidated Statement of Income and on equity for the following:

- one percentage point increase in interest rates
- ten percentage point weakening in the value of sterling against all currencies
- ten percentage point strengthening in the value of sterling against all currencies
- five percentage point increase in the cost of copper
- five percentage point decrease in the cost of copper

The outputs from the sensitivity analysis are estimates of the impact of market risk assuming that the specified changes occur net of any hedging in place at the year end. Actual results in the future may differ materially from these estimates due to commercial actions taken to mitigate any potential losses from such rate movements, to the interaction of more than one sensitivity occurring and to further developments in global financial markets. As such this table should not be considered as a projection of likely future gains and losses.

	1% increase in interest rates £m	10% weakening in sterling[1] £m	10% strengthening in sterling[1] £m	5% increase in copper prices £m	5% decrease in copper prices £m
At 31 March 2010					
Impact on Consolidated Statement of Income	**0.2**	**3.7**	**(3.7)**	**-**	**-**
Impact on equity	**0.2**	**3.7**	**(3.7)**	**0.1**	**(0.1)**
At 31 March 2009					
Impact on Consolidated Statement of Income	0.2	5.7	(5.7)	-	-
Impact on equity	0.2	5.7	(5.7)	0.1	(0.1)

[1] Of the effect on the Consolidated Statement of Income, £3.1m (2009: £5.5m) would have been recognised on the 'Mark to Market' line (see Note 1).

20 CALLED UP SHARE CAPITAL

Issued and fully paid ordinary shares:

	2010	2009
	Number of shares	Number of shares
At the beginning of the year	**49,409,351**	49,377,236
Issued for cash	**157,977**	32,115
At the end of the year	**49,567,328**	49,409,351

	2010 Number of shares	**2010 £m**	2009 Number of shares	2009 £m
Authorised				
Ordinary shares of 5p each	**58,000,000**	**2.9**	58,000,000	2.9
Allotted, called up and fully paid				
Ordinary shares of 5p each	**49,567,328**	**2.5**	49,409,351	2.5

	Number of shares	Aggregate nominal value	Consideration per share
New issues of ordinary shares of 5p each during the year			
Exercise of Savings Related Share Options	110,642	£5,532	£1.65-£2.02
Exercise of Executive Share Options	47,335	£2,367	£1.88-£2.32

The holders of the ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

21 BORROWINGS

Borrowings with a book and fair value of £19.0m (2009: £31.0m) are supported by a £50m (2009: £50.0m) revolving credit facility made available to Oxford Instruments plc. It is repayable in July 2012 and carries a floating interest rate of LIBOR plus 0.65% on the first £14m and LIBOR plus 0.85% on the remainder. It is secured on certain of the Group's freehold properties with a carrying value of £10.4m (2009: £10.7m) and certain intellectual property of the Group. All necessary conditions precedent and covenants were met at 31 March 2010. The next repricing of the LIBOR element of the loan after the year end is on 30 April 2010. Thereafter the repricing of the LIBOR element occurs after 1, 3 or 6 months at the Group's option. The undrawn amount of the facilities at 31 March 2010 was £31.0m (2009: £19.0m).

Borrowings with a book and fair value of £0.7m (2009: £0.9m) relate to a mortgage made available to Oxford Instruments Analytical GmbH (formerly Worldwide Analytical Systems AG) in respect of a property in Uedem, Germany of which £0.1m is repayable within one year. The borrowing is denominated in Euro and carries a fixed rate of 4.6% until 2011. It is repayable in instalments of £0.1m per year until 2011 and in instalments of £50k per year until 2021.

22 RETIREMENT BENEFIT OBLIGATIONS

The Group operates defined benefit plans in the UK and US; both offer pensions in retirement and death in service benefit to members. Pension benefits are related to members' final salary at retirement and their length of service. Both schemes have been closed to new members since 2001.

The Group has opted to recognise all actuarial gains and losses immediately via the Consolidated Statement of Comprehensive Income.

The amounts recognised in the Consolidated Statement of Financial Position are:

	UK 2010 £m	**USA 2010 £m**	**Total 2010 £m**	UK 2009 £m	USA 2009 £m	Total 2009 £m
Present value of funded obligations	**183.7**	**9.0**	**192.7**	131.1	8.3	139.4
Fair value of plan assets	**(151.7)**	**(5.9)**	**(157.6)**	(119.8)	(5.2)	(125.0)
Recognised liability for defined benefit obligations	**32.0**	**3.1**	**35.1**	11.3	3.1	14.4

Reconciliation of the opening and closing balances of the present value of the defined benefit obligation

	UK 2010 £m	**USA 2010 £m**	**Total 2010 £m**	UK 2009 £m	USA 2009 £m	Total 2009 £m
Benefit obligation at the beginning of the year	**131.1**	**8.3**	**139.4**	154.0	7.0	161.0
Interest on obligation	**8.9**	**0.5**	**9.4**	9.8	0.5	10.3
Current service cost	**1.5**	**0.4**	**1.9**	2.4	0.5	2.9
Contributions paid by plan participants	**0.1**	**-**	**0.1**	0.1	-	0.1
Benefits paid	**(4.1)**	**(0.3)**	**(4.4)**	(3.5)	(0.3)	(3.8)
Actuarial loss/(gain) on obligation	**46.2**	**0.5**	**46.7**	(31.7)	(1.9)	(33.6)
Exchange rate adjustment	**-**	**(0.4)**	**(0.4)**	-	2.5	2.5
Benefit obligation at the end of the year	**183.7**	**9.0**	**192.7**	131.1	8.3	139.4

Reconciliation of the opening and closing balances of the fair value of plan assets

	UK 2010 £m	**USA 2010 £m**	**Total 2010 £m**	UK 2009 £m	USA 2009 £m	Total 2009 £m
Fair value of plan assets at the beginning of the year	**119.8**	**5.2**	**125.0**	134.8	5.0	139.8
Expected return on plan assets	**7.6**	**0.3**	**7.9**	9.1	0.5	9.6
Contributions by employers	**5.0**	**0.3**	**5.3**	4.2	0.6	4.8
Contributions paid by plan participants	**0.1**	**-**	**0.1**	0.1	-	0.1
Benefits paid	**(4.1)**	**(0.3)**	**(4.4)**	(3.5)	(0.3)	(3.8)
Actuarial gain/(loss) on assets	**23.3**	**0.6**	**23.9**	(24.9)	(2.3)	(27.2)
Exchange rate adjustment	**-**	**(0.2)**	**(0.2)**	-	1.7	1.7
Fair value of plan assets at the end of the year	**151.7**	**5.9**	**157.6**	119.8	5.2	125.0

Expense recognised in the Consolidated Statement of Income

	2010 £m	2009 £m
Current service cost	**1.9**	2.9
Interest on obligation	**9.4**	10.3
Expected return on plan assets	**(7.9)**	(9.6)
Total – defined benefit	**3.4**	3.6
Contributions to defined contribution schemes	**2.0**	1.8
	5.4	5.4

The actual gain on plan assets was £31.8m (2009: £17.6m loss).

The Group expects to contribute approximately £6.3m to defined benefit plans in the next financial year.

The pension costs are recorded in the following lines of the Consolidated Statement of Income:

	2010 £m	2009 £m
Cost of sales	**1.8**	1.5
Selling and marketing costs	**0.8**	0.9
Administration and shared services	**0.7**	1.2
Research and development	**0.6**	1.1
Financial income	**(7.9)**	(9.6)
Financial expenditure	**9.4**	10.3
	5.4	5.4

Actuarial gains and losses shown in the Statement of Recognised Income and Expense:

	2010 £m	2009 £m
Actuarial (loss)/gain	**(22.8)**	6.4

Cumulative actuarial losses reported in the Consolidated Statement of Comprehensive Income since 1 April 2004, the transition date to IFRS, are £3.6m (2009: £19.2m cumulative actuarial gains).

History of experience gains and losses are as follows:

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Present value of benefit obligations	**192.7**	139.4	161.0	165.9	180.8
Fair value of plan assets	**(157.6)**	(125.0)	(139.8)	(135.1)	(127.4)
Recognised liability for defined benefit obligations	**35.1**	14.4	21.2	30.8	53.4
Difference between the expected and actual return:					
Amount £m	**23.9**	(27.2)	(7.3)	(2.0)	15.2
% of scheme assets	**15%**	(22%)	(5%)	(1%)	12%
Experience (losses)/gains on scheme liabilities:					
Amount £m	**(46.7)**	33.6	14.4	24.1	(25.5)
% of the present value of the scheme liabilities	**24%**	(24%)	(9%)	(15%)	14%

Defined benefit scheme - United Kingdom

A full actuarial valuation of the UK plan was carried out as at 31 March 2009 and has been updated to 31 March 2010 by a qualified independent actuary. The major assumptions used by the actuary for the purposes of IAS 19 were (in nominal terms):

	As at 31 March 2010 %	As at 31 March 2009 %
Discount rate	**5.6**	6.9
Rate of salary increase	**3.9**	3.4
Rate of increase to pensions in payment (pre 1997)	**2.4**	2.6
Rate of increase to pensions in payment (post 1997)	**3.2**	2.9
Rate of inflation	**3.4**	2.9
Mortality – pre and post-retirement – males and females	**94% of SP1A tables (97% for females) – year of birth: medium cohort (min annual improvement of 1%)**	PA92 – year of birth: medium cohort

The assumptions used in determining the overall expected rate of return of the plan have been set with reference to yields available on government bonds and appropriate risk margins.

The mortality assumptions imply the following expected future lifetime from age 65:

	2010	2009
Pre-retirement – males	**22.9**	22.9
Pre-retirement – females	**25.2**	25.7
Post-retirement – males	**21.5**	22.0
Post-retirement – females	**23.8**	24.9

The assumptions have been chosen by the Directors from a range of possible actuarial assumptions, which due to the timescales covered, may not be borne out in practice.

The assets in the plan and the expected rates of return were:

	Long-term rate of return expected at 31 March 2010 %	**Value at 31 March 2010 £m**	Long-term rate of return expected at 31 March 2009 %	Value at 31 March 2009 £m
Equities	**8.0**	**53.2**	8.0	43.6
Corporate bonds	**5.6**	**41.6**	6.9	28.4
Gilts	**4.5**	**31.3**	4.2	30.0
Cash	**4.5**	**15.4**	4.2	10.1
Alternative	**7.3**	**10.2**	7.0	7.7
		151.7		119.8

Defined benefit scheme - United States

A full actuarial valuation of the US plan was carried out as at 1 January 2005 which for reporting purposes has been updated to 31 December 2009 by a qualified independent actuary. Results at 31 March 2010 have been taken to be the same as those at 31 December 2009. The major assumptions used by the actuary for the purposes of IAS 19 were (in nominal terms):

	As at 31 March 2010 %	As at 31 March 2009 %
Discount rate	**5.75**	6.25
Rate of salary increase	**3.00**	3.00
Rate of increase to pensions in payment	**0.00**	0.00
Rate of inflation	**3.00**	3.00
Mortality – pre and post-retirement	**2009 IRS prescribed mortality – optional combined table for small plans, male and female**	2008 IRS prescribed mortality – optional combined table for small plans, male and female

The assumptions used in determining the overall expected rate of return of the plan have been set with reference to yields available on government bonds and appropriate risk margins.

The assets in the plan and the expected rates of return were:

	Long term rate of return expected at 31 March 2010 %	**Value at 31 March 2010 £m**	Long term rate of return expected at 31 March 2009 %	Value at 31 March 2009 £m
Equities	**9.2**	**3.0**	9.2	2.5
Bonds	**6.1**	**2.6**	6.1	2.1
Property and other	**8.4**	**0.3**	8.3	0.6
		5.9		5.2

Defined contribution schemes

Since 1 April 2001 all new joiners in the UK have been offered participation in the defined contribution Oxford Instruments Stakeholder Plan. During the year ended 31 March 2010 the Company paid contributions to the scheme on a variable scale up to a maximum of 5% for members who contributed at a rate of at least 3%. Employees make contributions at a rate of their choice. The Group also operates a 401k defined distribution plan in the USA.

23 TRADE AND OTHER PAYABLES

	2010 £m	2009 £m
Trade payables	**43.7**	28.8
Social security and other taxes	**1.4**	1.0
Accrued expenses and deferred income	**21.9**	18.1
Other creditors (including deferred consideration)	**3.0**	6.4
	70.0	54.3
Amounts due after more than one year – other creditors	**(0.9)**	(1.0)
	69.1	53.3

Deferred consideration relates to amounts payable in respect of acquisitions made during prior years.
During the year, deferred consideration of £2.4m was paid in respect of the 2008 acquisition of Vericold Technologies GmbH.

24 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Warranties £m	Restructuring £m	Other £m	**Total £m**
Balance at 1 April 2009	3.2	3.0	1.1	**7.3**
Provisions made during the year	2.7	-	0.6	**3.3**
Provisions used during the year	(2.3)	(2.7)	(0.2)	**(5.2)**
Provisions released during the year	(0.3)	(0.1)	-	**(0.4)**
Effect of movements in foreign exchange rates	-	(0.1)	-	**(0.1)**
Balance at 31 March 2010	**3.3**	**0.1**	**1.5**	**4.9**

Warranty provisions reflect the Group's standard terms and conditions. In general these apply for a year and, as a result, the majority of the provision is expected to be utilised within a twelve-month period. Restructuring provisions relate to the rationalisation of activities across the Group (see note 5). Other provisions relate to various obligations including obligations in respect of onerous leases and obligations to employees in Japan on termination of their employment.

25 OPERATING LEASES

Leases
Non-cancellable future minimum operating lease rentals are payable as follows:

	2010 £m	2009 £m
Less than one year	**1.0**	0.1
Between one and five years	**3.1**	5.7
	4.1	5.8

During the year ended 31 March 2010 £2.2m was recognised as an expense in the Consolidated Statement of Income in respect of operating leases (2009: £2.3m).

The leases relate to motor vehicles and various properties used mainly as sales offices.

26 CAPITAL COMMITMENTS

During the year ended 31 March 2010, the Group entered into contracts to purchase property, plant and equipment which are expected to be settled in the following financial year for less than £0.1m (2009: £0.1m).

27 CONTINGENCIES

In an international group of companies a variety of legal claims arise from time to time. The Board, having taken legal advice, are of the opinion that the ongoing actions and investigations will not have a material impact on the Group's financial position.

28 RELATED PARTIES

The Group has a related party relationship with its Directors and Executive officers.

Transactions with key management personnel are disclosed in the Director's Remuneration Report on pages 28 to 34. There were no other significant transactions with key management personnel in either the current or preceding year other than the following.

During the year the Company paid £0.1m (2009: £0.1m) to Imperialise Limited, a company for whom Nigel Keen is a Director. The payment was for his services as Chairman of the Group. The liability due to Imperialise Ltd at the year end was nil (2009: nil).

29 PRINCIPAL GROUP ENTITIES

	Equity owned by the company %	Country of incorporation	Principal activity
Oxford Instruments Analytical Holdings Ltd	100	England	Holding
Oxford Instruments Holdings Europe Ltd	100	England	Holding
Oxford Instruments Overseas Holdings Ltd	100	England	Holding
Oxford Instruments Overseas Holdings 2008 Ltd	*100	England	Holding
Oxford Instruments Superconductivity Holdings Ltd	100	England	Holding
Oxford Instruments Overseas Marketing Ltd	*100	England	Marketing
Oxford Instruments Analytical Ltd	*100	England	Trading
Oxford Instruments Molecular Biotools Ltd	*100	England	Trading
Oxford Instruments Plasma Technology Ltd	*100	England	Trading
Oxford Instruments Superconductivity Ltd	*100	England	Trading
Oxford Instruments America Inc	*100	USA	Distribution
Oxford Instruments OST Holdings LLC	*100	USA	Holding
Oxford Instruments OST Asset Co LLC	*100	USA	Holding
Oxford Instruments MRI Service LLC	*100	USA	Trading
Oxford Instruments Superconductivity Wire LLC	*100	USA	Trading
Oxford Instruments (Tennessee) Inc	*100	USA	Holding
Oxford Instruments Holdings Inc	*100	USA	Holding
Oxford Instruments Holdings 2008 Inc	*100	USA	Holding
Austin Scientific Company	*100	USA	Trading
Oxford Instruments X-Ray Technology Inc	*100	USA	Trading
Oxford Superconducting Technology	*100	USA	Trading
Oxford Instruments (Shanghai) Company Ltd	*100	China	Trading
Oxford Instruments HKL Technologies A/S	*100	Denmark	Trading
Oxford Instruments Analytical Oy	*100	Finland	Trading
Technologies and Devices Inc	*100	USA	Trading
Oxford Instruments SAS	*100	France	Distribution
Oxford Instruments GmbH	*100	Germany	Distribution
VeriCold Technologies GmbH	*100	Germany	Manufacturing
Oxford Instruments Analytical GmbH (formerly Worldwide Analytical Systems AG)	*100	Germany	Manufacturing
Oxford Instruments KK	*100	Japan	Distribution
Oxford Instruments Pte Ltd	*100	Singapore	Marketing

Equity owned by the Company represents issued ordinary share capital.

A full list of the Group companies as at 31 March 2010 is available for inspection at the Company's registered office.

With the exception of holding companies, all the above companies are engaged in either advanced instrumentation or the manufacture of components used in advanced instrumentation. Equity owned by subsidiary companies is indicated by an asterisk (*). All the above companies are included in the Group accounts.

30 SUBSEQUENT EVENTS

The interim dividend of 2.4p per share (total cost £1.1m) was paid after the year end. In addition on 15 June 2010 the Director's proposed a final dividend of 6.0p per ordinary share (total cost £3.0m). The total amount of £4.1m has not been provided for and there are no income tax consequences.

31 EXCHANGE RATES

The principal exchange rates to sterling used were:

Year end rates

	2010	2009
US Dollar	**1.52**	1.43
Euro	**1.12**	1.08
Yen	**142**	142

Average translation rates 2010

	US Dollar	Euro	Yen
Quarter 1 2010	**1.55**	**1.13**	**150**
Quarter 2 2010	**1.64**	**1.14**	**153**
Quarter 3 2010	**1.62**	**1.11**	**145**
Quarter 4 2010	**1.56**	**1.12**	**142**

Average translation rates 2009

	US Dollar	Euro	Yen
Quarter 1 2009	1.98	1.27	206
Quarter 2 2009	1.89	1.26	203
Quarter 3 2009	1.60	1.20	157
Quarter 4 2009	1.44	1.09	136

Parent Company Balance Sheet *as at 31 March 2010*

	Notes	2010 £m	2009 £m
Fixed assets			
Tangible assets	c	**0.6**	0.9
Investments in subsidiary undertakings	d	**61.8**	61.3
		62.4	62.2
Current assets			
Debtors (including £99.8m (2009: £97.5m) due after more than one year)	e	**102.2**	101.7
Cash at bank and in hand		**3.1**	9.6
		105.3	111.3
Creditors: amounts falling due within one year			
Bank loans and overdrafts		**(0.6)**	(3.2)
Other creditors	f	**(18.8)**	(14.4)
		(19.4)	(17.6)
Net current assets		**85.9**	93.7
Total assets less current liabilities		**148.3**	155.9
Creditors: amounts falling due after more than one year			
Bank loans	g	**(19.0)**	(31.0)
Provisions for liabilities and charges	h	**(0.2)**	(0.3)
Net assets		**129.1**	124.6
Share capital	i	**2.5**	2.5
Share premium account	i	**21.6**	21.3
Other reserves	i	**7.7**	7.7
Profit and loss account	i	**97.3**	93.1
Equity shareholders' funds		**129.1**	124.6

The financial statements were approved by the Board of Directors on 15 June 2010 and signed on its behalf by:

Jonathan Flint
Director

Kevin Boyd
Director

Company number: 775598

a) 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, except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with applicable UK GAAP accounting standards and under the historical cost accounting rules. In accordance with S408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account.

In accordance with FRS 1: Cash flow statements, the company is exempt from preparing its own cash flow statement.

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.

Taxation

The charge for taxation is based on the result 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: Deferred Tax.

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the life of the lease.

Fixed assets and depreciation

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

Computer equipment	4 years
Motor vehicles	4 years

Financial instruments

The Company's accounting policies for financial instruments under UK GAAP, namely FRS 25 – Financial instruments: presentation, FRS 26 – Financial instruments: measurement and FRS 29 – Financial instruments: disclosures, are the same as the group's accounting policies under IFRS, namely IAS 32 – Financial instruments: presentation, IAS 39 – Financial instruments: recognition and measurement and IFRS 7 – Financial instruments: disclosures. These policies are set out in accounting policy '(e) Financial instruments' in the group accounting policies. As consolidated financial information has been disclosed under IFRS 7 in note 19 to the consolidated financial statements, the parent company is exempt from the disclosure requirements of FRS 29.

Post retirement benefits

The Company participates in a group wide pension scheme providing benefits based on final pensionable pay. The assets of the 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 FRS 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. Refer to note j for the additional disclosures required by FRS 17.

Foreign currencies

The Company enters into forward exchange contracts to mitigate the currency exposures that arise on sales and purchases denominated in foreign currencies. Transactions in foreign currencies are converted into Sterling at the rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the Balance Sheet date or at the appropriate forward contract rates. Exchange profits and losses arising from the above are dealt with in the profit and loss account.

Own shares held by Employee Benefit Trust (EBT)

Transactions of the Group-sponsored EBT are included in the Group financial statements. In particular, the trust's purchase of shares in the company are debited directly to equity.

Share-based payments
The share option programme allows employees to acquire shares of the Company. The fair value of options granted after 7 November 2002 and those not yet vested as at 1 April 2005 is recognised as an employee expense with a corresponding increase in equity. 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 except where forfeiture is only due to share prices not achieving the threshold for vesting.

When options are granted to employees of subsidiaries of the Company, the fair value of options granted is recognised as an employee expense in the financial statements of the subsidiary undertaking together with the capital contribution received. In the financial statements of the Company, the options granted are recognised as an investment in subsidiary undertakings with a corresponding increase in equity.

Dividends on shares presented within shareholders' funds
Dividends unpaid at the Balance Sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Financial guarantee contracts
Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

b) Profit for the year
The Company's profit for the financial year was £7.8m (2009: £8.9m).

The auditor's remuneration comprised £107,000 (2009: £104,000) for statutory audit.

The average number of people employed by the Company (including Directors) during the year was 42 (2009: 44). All of these individuals were involved in administration.

The aggregate payroll costs (including Directors) of these people were as follows:

	2010 £m	2009 £m
Wages and salaries	**3.7**	3.0
Social security costs	**0.4**	0.3
Other pension costs	**0.2**	0.2
	4.3	3.5

The share based payment expense was £nil (2009: £nil).

Full details of the emoluments paid to Directors can be found in the Directors' Remuneration Report on pages 28 to 34.

c) Tangible fixed assets

	Motor vehicles £m	Computer Equipment £m	Total £m
Cost			
Balance at 1 April 2009	0.2	3.3	3.5
Additions	-	0.1	0.1
Balance at 31 March 2010	**0.2**	**3.4**	**3.6**
Depreciation			
Balance at 1 April 2009	0.1	2.5	2.6
Charge for year	-	0.4	0.4
Balance at 31 March 2010	**0.1**	**2.9**	**3.0**
Net book value			
At 31 March 2009	0.1	0.8	0.9
At 31 March 2010	**0.1**	**0.5**	**0.6**

d) Investments

	Investments in subsidiary undertakings £m	Other investments £m	Total £m
Cost or valuation			
Balance at 1 April 2009	77.0	0.3	77.3
Additions	0.5	-	0.5
Balance at 31 March 2010	**77.5**	**0.3**	**77.8**
Amortisation			
Balance at 1 April 2009	15.7	0.3	16.0
Balance at 31 March 2010	**15.7**	**0.3**	**16.0**
Net book value at 31 March 2009	61.3	-	61.3
Net book value at 31 March 2010	**61.8**	**-**	**61.8**

Other investments at 31 March 2010 comprise:

Investment	Principal activity	Percentage of company owned
ARKeX Limited	Supply of gravity-gradiometry exploration and related services to the oil, gas and minerals industries	9.3%

The addition to subsidiary investments of £0.5m relates to the awarding of share options to employees of subsidiary companies. In the prior year, the addition to subsidiary investments of £9.7m related to the investment in Oxford Instruments Holdings Europe Limited and to the awarding of share options to employees of subsidiary companies. Details of the subsidiary investments are given in note 29.

e) Debtors

	2010 £m	2009 £m
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings	**101.7**	100.6
Other debtors	**-**	0.9
Prepayments and accrued income	**0.5**	0.2
	102.2	101.7

Amounts owed by subsidiary undertakings includes £99.8m (2009: £97.5m) due after more than one year.

f) Creditors: amounts falling due within one year

	2010 £m	2009 £m
Trade creditors	**0.3**	0.3
Amounts owed to subsidiary undertakings	**12.5**	12.4
Tax, social security and sales related taxes	**0.9**	0.7
Other financial liabilities	**3.6**	-
Accruals and deferred income	**1.1**	0.7
Other creditors	**0.4**	0.3
	18.8	14.4

g) Creditors: amounts falling due after one year

Details of the bank loans are included in note 21.

h) Provisions for liabilities and charges

	Vacant lease provision £m
Balance at 1 April 2009	0.3
Utilised during the year	(0.1)
Balance at 31 March 2010	**0.2**

The transfer of economic benefits in relation to the vacant lease provisions is expected to be within one year.

The amounts of deferred tax assets are as follows:

		Recognised		Unrecognised
	2010 £m	2009 £m	**2010 £m**	2009 £m
Excess of depreciation over corresponding capital allowances	**-**	-	**0.8**	0.8
Carried forward tax losses	**-**	-	**-**	-
Other timing differences	**-**	-	**0.1**	0.1
	-	-	**0.9**	0.9

The Company recognises deferred tax assets only to the extent that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

i) Reserves

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Other reserves £m	Profit and loss account £m	Total £m
Balance at 1 April 2009	2.5	21.3	0.1	7.6	93.1	124.6
Retained profit for the year	-	-	-	-	7.8	7.8
Proceeds from shares issued	-	0.3	-	-	-	0.3
Share options awarded to employees of subsidiaries	-	-	-	-	0.5	0.5
Dividends paid	-	-	-	-	(4.1)	(4.1)
Balance at 31 March 2010	**2.5**	**21.6**	**0.1**	**7.6**	**97.3**	**129.1**

Details of issued, authorised and allotted share capital are included in Note 20.

Details of treasury shares held by the Company are included as a note to the Consolidated Statement of Changes in Equity.

Details of the Group's share option schemes are included in Note 8.

Other reserves relates to premium on shares issued as part of acquisitions made in the year to 31 March 1987.

j) Pension commitments

Defined Benefit scheme

The Company and its employees contribute to the Oxford Instruments Pension Scheme, a defined benefit scheme. Contributions are based on pension costs across the Group as a whole. The assets of the Scheme are held in a separate trustee administered fund.

The Oxford Instruments Pension Scheme was closed to new members from 1 April 2001. Since this date new employees have been invited to join the Oxford Instruments Stakeholder Plan, a defined contribution scheme. The company makes contributions to this scheme.

The Directors do not believe it is possible to allocate the assets and liabilities of the scheme to individual group members on a consistent and reasonable basis. Accordingly, under FRS 17 the Company is exempt from recognising its share of the net pension deficit and accounts for the scheme as though it were a defined contribution scheme. Details of the scheme and most recent actuarial valuation can be found in note 22. The contributions paid by the Company to the Oxford Instruments Pension Scheme were £0.1m (2009: £0.2m).

Stakeholder Pension scheme

The Company makes contributions to a stakeholder pension scheme. The pension costs charge for the year represents contributions payable by the Company to the scheme. These amounted to £0.1m (2009: £0.1m). There were no outstanding contributions at the end of the financial year (£2009: nil).

k) Guarantees
The Company has given a guarantee to the pension scheme in respect of the liability of its UK subsidiaries to the pension scheme.

l) Commitments

	2010 £m	2009 £m
Operating leases which expire:		
Within one year	**0.1**	-
In the second to fifth years inclusive	**-**	0.1
	0.1	0.1

There were no capital commitments as at 31 March 2010 (2009: £nil).

m) Subsequent events
See note 30 for details of dividends paid or declared after the Balance Sheet date.

n) Related party transactions

The Company has a related party relationship with its Directors and Executive officers and with its wholly owned subsidiary companies.

Transactions with key management personnel are disclosed in the Director's Remuneration Report on pages 28 to 34. There were no other significant transactions with key management personnel in either the current or preceding year other than the following.

During the year the Company paid £0.1m (2009: £0.1m) to Imperialise Limited, a company for whom Nigel Keen is a Director. The payment was for his services as Chairman of the Group. The liability due to Imperialise Ltd at the year end was nil (2009: nil).

	2006 £m	2007 £m	2008 £m	2009 £m	**2010 £m**
Consolidated Statement of Income					
Revenue	147.4	161.6	176.5	206.5	**211.5**
Trading profit	4.4	8.3	10.6	13.1	**14.7**
Reorganisation costs and impairment	(4.7)	(5.2)	0.7	(6.8)	**(0.4)**
Amortisation of acquired intangibles	(0.2)	(1.1)	(2.9)	(4.3)	**(4.1)**
Operating profit/(loss)	(0.5)	2.0	8.4	2.0	**10.2**
Net financing income/(costs)	(0.4)	(0.7)	(3.4)	(11.3)	**7.9**
Profit/(loss) before taxation	(0.9)	1.3	5.0	(9.3)	**18.1**
Income tax (expense)/income	(2.5)	(2.8)	(2.3)	2.6	**(4.8)**
Profit/(loss) after taxation but before profit on discontinued operations	(3.4)	(1.5)	2.7	(6.7)	**13.3**
Profit from discontinued operations, net of tax	-	-	-	-	**-**
Profit/(loss) for the year	(3.4)	(1.5)	2.7	(6.7)	**13.3**
Adjusted profit before tax*	4.0	7.5	9.5	11.1	**11.9**
Consolidated Statement of Financial Position					
Property, plant and equipment	23.4	21.5	22.4	23.5	**22.8**
Intangible assets	15.6	18.1	44.0	54.9	**49.3**
Available for sale equity securities	1.0	0.6	0.6	-	**-**
Deferred and current tax	18.1	10.3	1.5	2.5	**4.5**
Inventories	27.1	25.6	34.9	39.9	**39.3**
Trade and other receivables	45.4	45.6	54.1	57.6	**60.2**
Held for sale assets	5.0	7.0	-	-	**-**
Trade and other payables	(39.0)	(40.4)	(48.6)	(54.3)	**(70.0)**
Net assets excluding net cash	96.6	88.3	108.9	124.1	**106.1**
Cash and cash equivalents	12.7	2.8	7.2	3.6	**9.3**
Bank borrowings	(2.9)	(1.0)	(25.0)	(31.9)	**(19.7)**
Net cash	9.8	1.8	(17.8)	(28.3)	**(10.4)**
Provisions and other items	(6.6)	(3.5)	(7.4)	(19.5)	**(8.4)**
Retirement benefit obligations	(53.4)	(30.8)	(21.2)	(14.4)	**(35.1)**
Net assets employed/capital and reserves attributable to the company's equity holders	46.4	55.8	62.5	61.9	**52.2**
Cash flow					
Net cash from operating activities	(8.0)	5.2	(0.1)	14.4	**31.1**
Net cash from investing activities	(7.0)	(9.7)	(15.1)	(10.6)	**(9.1)**
Net cash from financing activities	(1.2)	(5.1)	19.4	(6.6)	**(16.0)**
Net increase/(decrease) in cash equivalents	(16.2)	(9.6)	4.2	(2.8)	**6.0**
	pence	pence	pence	pence	**pence**
Per ordinary share					
Earnings – continuing	(7.2)	(3.2)	5.6	(13.9)	**27.2**
Adjusted earnings *	3.9	9.6	11.7	14.8	**17.8**
Dividends – excluding special dividend	8.4	8.4	8.4	8.4	**8.4**
Dividends – special	-	-	-	-	**-**
Employees					
Average number of employees**	1,412	1,388	1,501	1,531	**1,341**

* Before other operating income, amortisation of acquired intangibles, reorganisation costs and impairment and mark to market gains or losses in respect of certain derivatives. ** Employee numbers in 2005 and 2006 exclude temporary employees.

Financial calendar

3 March 2010	Ordinary shares quoted ex-dividend
5 March 2010	Record date for interim dividend
14 March 2010	DRIP date (Dividend Reinvestment Plan)
31 March 2010	Financial year end
8 April 2010	Payment of interim dividend
15 June 2010	Announcement of preliminary results
15 June 2010	Announcement of final dividend
Late July	Publication of Annual Report
14 September 2010	Annual General Meeting
29 September 2010	Ordinary shares quoted ex-dividend
1 October 2010	Record date for final dividend
3 October 2010	DRIP Date
28 October 2010	Payment of final dividend
March 2011	Ordinary shares quoted ex-dividend
March 2011	DRIP date (Dividend Reinvestment Plan)
March 2011	Record date for interim dividend
31 March 2011	Financial year end

Administrative enquiries concerning shareholdings
Administrative enquiries concerning shareholdings in Oxford Instruments plc, such as the loss of a share certificate, dividend payments, or a change of address should be directed, in the first instance, to the Registrar, Capita Registrars.
Capita Registrars
Northern House, Woodsome Park, Fenay Bridge,
Huddersfield, West Yorkshire HD8 0GA
Tel: 0871 664 0331

Correspondence should refer to Oxford Instruments plc and state clearly the registered name and address of the shareholder. Please notify the Registrar promptly of any change of address.

Dividend bank mandates
If you wish dividends to be paid directly into a bank or building society account and notification to be sent to your shareholder register address, please contact the Company's Registrar at the address given above for a dividend mandate form.

Consolidation of share certificates
If your total registered ordinary shareholding is represented by several share certificates, you may wish to have these replaced by one consolidated certificate. There is no charge for this service. You should send your share certificates to the Company's Registrar (address as above), together with a letter of instruction.

Shareholder enquiries
Shareholders who have questions relating to the Group's business or who wish to have additional copies of the Report and Accounts should apply to:
Company Secretary
Oxford Instruments plc
Tubney Woods, Abingdon, Oxon OX13 5QX
Tel: 01865 393200
Fax: 01865 393442
E-mail info.oiplc@oxinst.com
Website www.oxford-instruments.com

Company registration
Registered office: Tubney Woods, Abingdon, Oxon OX13 5QX
Registered in England number: 775598

Website – www.oxford-instruments.com
Oxford Instruments has an extensive website which gives details of all its products and services, contact information, vacancies and latest news announcements. An interactive investor relations section gives information on recent trading reports, share price data and forthcoming events.

Shareholder Communications
Unless you have elected to continue to receive shareholder communications by post, you will be notified by post or, where you have given us an email address for electronic notification, by email that shareholder communications are available for viewing on the Company's website at www.oxford-instruments.com/investors. The Company reserves the right to distribute any communication in hard copy if it deems this necessary.

Capita Share Dealing Services
A quick and easy share dealing service to either sell or buy shares in many leading UK companies is provided by Capita Share Dealing Services. An on-line and telephone facility is available providing our shareholders with an easy to access and simple to use service.

There's no need to pre-register and there are no complicated forms to fill in. The online and telephone dealing service allows you to trade "real time" at a known price which will be given to you at the time you give your instruction.

To deal on-line or by telephone all you need is your surname, Investor Code (IVC*) reference number, full postcode and your date of birth. Your Investor Code can be found on a recent share certificate, statement or tax voucher. Please have the appropriate documents to hand when you log on or call, as this information will be needed before you can buy or sell shares.

For further information on this service, or to buy and sell shares, please contact: www.capitadeal.com (online dealing) or 0871 664 0446 (telephone dealing – calls cost 10p per minute plus network extras; lines are open 8.00am to 4.30pm, Monday – Friday excluding public holidays)
Full terms, conditions and risks apply and are available on request or by visiting www.capitadeal.com.

This is not a recommendation to buy or sell shares. Remember the price of shares can go down as well as up, and you are not guaranteed to get back the amount that you originally invested.

* Should you not be able to locate your IVC number, please contact Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras; lines are open 8.30am to 5.30pm, Monday - Friday)

Analysis of shareholders as at 31 March 2010

Size of shareholding	Number of holders	% of total	Total holding	% of total
Up to 5,000 shares	2,518	90.22	1,647,756	3.32
5,001 to 50,000 shares	183	6.56	2,731,769	5.51
50,001 to 200,000 shares	53	1.90	5,351,505	10.80
Over 200,000 shares	37	1.32	39,836,548	80.37
Total	2,791	100.00	49,567,578	100.00

Oxford Instruments plc

Head Office
Tubney Woods, Abingdon
Oxon OX13 5QX, UK
Tel +44 (0) 1865 393200
Fax +44 (0) 1865 393442
email info.oiplc@oxinst.com

Industrial Analysis

Tools for QC, environmental and compliance testing
Halifax Road , High Wycombe
Bucks HP12 3SE, UK
Tel +44 (0) 1494 442255
Fax +44 (0) 1494 524129
email industrial@oxinst.com

P.O. Box 85 (Nihtisillankuja 5)
FI-02631 Espoo, Finland
Tel: +358 9 329 411
Fax:+358 9 32941 300
email industrial@oxinst.com

360 El Pueblo Road
Scotts Valley, CA, 95066, USA
Tel +1 831 439 9729
Fax +1 831 439 6051
email industrial@oxinst.com

Wellesweg 31
47589 Uedem, Germany
Tel +49 (0) 2825 9383-0
Fax +49 (0) 2825 9383-100
email industrial@oxinst.com

NanoAnalysis

Systems for materials analysis at the nano-scale
Halifax Road, High Wycombe
Bucks HP12 3SE, UK
Tel +44 (0) 1494 442255
Fax +44 (0) 1494 524129
email nanoanalysis@oxinst.com

Lejonvägen 28
Box 1097
S-18122 Lidingö
Sweden
Tel +46 8 544 81550
Fax +46 8 544 81558
email nordiska@oxinst.com

Plasma Technology

Tools for nanotechnology fabrication
North End, Yatton, Bristol
BS49 4AP, UK
Tel +44 (0) 1934 837000
Fax +44 (0) 1934 837001
email plasma@oxinst.com

12214 Plum Orchard Drive
Silver Spring
MD 20904, USA
Tel +1 301 572 7834
Fax +1 301 572 6435
email plasma@oxinst.com

NanoScience

Environments for nanotechnology research
Tubney Woods, Abingdon,
Oxon OX13 5QX, UK
Tel +44 (0) 1865 393200
Fax +44 (0) 1865 393333
email nanoscience@oxinst.com

Bahnhofstrasse 21
85737 Ismaning
Germany
Tel +49 89 9699 8560
Fax +49 89 9699 8569
email nanoscience@oxinst.com

Magnetic Resonance

Benchtop NMR for industrial applications
Tubney Woods, Abingdon,
Oxon OX13 5QX, UK
Tel +44 (0) 1865 393200
Fax +44 (0) 1865 393333
email magres@oxinst.com

8403 Cross Park Drive, Suite 3F
Austin, Texas 78754, USA
Tel +1 512 339 0640
Fax +1 512 339 0620
email magres@oxinst.com

Oxford Superconducting Technology

Superconducting wire and MRI support services
600 Milik Street, P O Box 429,
Carteret,
New Jersey 07008-0429, USA
Tel +1 732 541 1300
Fax +1 732 541 7769
email sales@ost.oxinst.com

Austin Scientific

Cryogenic pumps and compressors
4114 Todd Lane, Austin,
Texas 78744, USA
Tel +1 512 441 6893
Fax + 1 512 443 6665
email cryo-sales@oxinst.com

Regional Sales and Service Offices

China
Room 714, Tower 3
Henderson Centre,
No. 18 Jianguomennei Avenue,
Beijing 100005, China
Tel +86 (0)10 6518 8160/1/2
Fax +86 (0)10 6518 8155
email china.info@oxinst.com

Room 14-F,
No. 1 Plaza,
No. 800 Nanjing East Road
Shanghai 200001, P. R. China
Tel +86 (0)21 6132 9688
Fax +86 (0)21 6360 8535
email china.info@oxinst.com

No.129, Lane 150
Pingbei Road, Xinzhuang
Industrial Area,
Minhang District, Shanghai,
201109, China
Tel +86 (0)21 6490 8580/8280
Fax: +86 (0)21 6490 4042
email china.info@oxinst.com

Room2112 Bai Hui Plaza,
193 Zhong Shan Wu Road,
Guangzhou 510030, China
Tel +86 (0)20 8364 9990
Fax +86 (0)20 8364 9996
email china.info@oxinst.com

Czech Republic
Velvarska 13, CZ-160 00 Praha
Czech Republic
Tel +420 233 343 264
Fax +420 224 311 724
email office@oxinst.cz

France
Bâtiment Ariane
Domaine Technologique de Saclay
4 rue René Razel
91892 Saclay
France
Tel : +33 1 69 85 25 25
Fax +33 1 69 41 46 80
Email infofrance@oxinst.com

Germany
Otto-von-Guericke-Ring 10,
65205 Wiesbaden, Germany
Tel +49 6122 937 0
Fax +49 6122 937 100
email ger_info@oxinst.com

India
Office no 17, Shreeji Arcade,
Almeida Road, Panchapakhadi,
Thane 400 602 India
Tel/Fax +91 22 25452424
email india.analytical@oxinst.com

Japan
Haseman Bldg., 2-11-6 Tomioka,
Koto-ku, Tokyo 135-0047, Japan
Tel +81 (0)3 5245 3251
Fax +81 (0)3 5245 4472
email info.jp@oxinst.com

Shin Osaka Plaza Bldg
3-3-1 Miyahara, Yodogawa-ku
Osaka 532-0033, Japan
Tel +81 (0)6 6350 0555
Fax +81 (0)6 6350 0880
Email info.jp@oxinst.com

Russia
Denisovskiy per. 26
105005 Moscow
Russian Federation
Tel +7 (095) 933 51 23
Fax +7 (095) 933 51 24
email info@oxford.de

Singapore
10 Ubi Crescent #04-81
Ubi Tech Park Lobby E
Singapore 408564
Tel +65 6337 6848
Fax +65 6337 6286
email oi.admin@oxford-instruments.com.sg

Taiwan
1F, No. 23, Jing-Shang 19th Street,
Hsinchu Taiwan
Tel +886 3 5788696
Fax +886 3 5789993
email oi.admin@oxford-instruments.com.tw

USA/Canada/Latin America
300 Baker Avenue
Suite 150
Concord
MA 01742
USA
Tel +1 978 369 9933
Fax +1 978 369 8287
email info@ma.oxinst.com

Oxford Instruments plc
Tubney Woods, Abingdon
Oxon OX13 5QX, UK
Tel +44 (0) 1865 393200
Fax +44 (0) 1865 393442
email info.oiplc@oxinst.com

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C001798

OXFORD INSTRUMENTS
The Business of Science®

As part of Oxford Instruments' environmental policy this brochure has been printed on FSC paper