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• Operational Review – Jonathan Flint
Half-Year Overview

- Sales up 19%
- Profits up to £2.6m (2008 £1.8m)
- Continued organic growth
- Two successful acquisitions
- Interim Dividend unchanged
- On plan
Strategic Overview

We plan to double the size of the business over 5 years and at the same time improve our return on sales by 10%
What have we achieved in the first half of the plan?

• Development of Commercial Culture
• New Product Introductions
• Acquisitions
How have changes in the global trading environment affected us?

- **US**: Decline in some sectors
- **EMEA**: Steady on average
- **Asia (exc China)**: Steady on average
- **China**: Growth in some sectors
Opportunities for the second half of the plan

Growth

• Growth may be harder to achieve
• New Product Introductions will give us market share gains
• Key industries, such as photovoltaic devices, appear to remain buoyant
Opportunities for the second half of the plan

Margin Improvement
• Business process re-engineering
• Supplier leverage
• Freight costs
• Currency
Opportunities for the second half of the plan

Acquisitions

• Much of the acquisitive growth for the plan has already been achieved
• Given the uncertainties in valuations, only opportunities to offer near term value would be pursued
• There is IP and route to market value to be had from undervalued companies
• Potential acquisitions will be reviewed conservatively
Financial Review

Kevin Boyd
Group Finance Director
# Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>2008/09 (£m)</th>
<th>2007/08 (£m)</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>92.8</td>
<td>78.3</td>
<td>18.5%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>38.2</td>
<td>31.5</td>
<td></td>
</tr>
<tr>
<td><strong>GPM%</strong></td>
<td>41.2%</td>
<td>40.2%</td>
<td></td>
</tr>
<tr>
<td><strong>Trading profit</strong></td>
<td>3.5</td>
<td>2.0</td>
<td>75.0%</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(0.9)</td>
<td>(0.2)</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted profit before tax</strong></td>
<td>2.6</td>
<td>1.8</td>
<td>44.4%</td>
</tr>
<tr>
<td>Amortisation of acquired intangibles</td>
<td>(2.0)</td>
<td>(0.4)</td>
<td></td>
</tr>
<tr>
<td>&quot;Exceptionals&quot;</td>
<td>2.0</td>
<td>0.7</td>
<td></td>
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<tr>
<td>Mark to Market</td>
<td>(1.3)</td>
<td>0.2</td>
<td></td>
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<tr>
<td>Profit /(loss) before tax</td>
<td>1.3</td>
<td>2.3</td>
<td></td>
</tr>
<tr>
<td>Tax</td>
<td>0.0</td>
<td>(0.8)</td>
<td></td>
</tr>
<tr>
<td><strong>Earnings</strong></td>
<td>1.3</td>
<td>1.5</td>
<td></td>
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<tr>
<td><strong>Adjusted EPS (pence)</strong></td>
<td>3.4</td>
<td>2.3</td>
<td>47.8%</td>
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<tr>
<td>EPS (pence)</td>
<td>2.6</td>
<td>3.0</td>
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Sales Bridge

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<tr>
<th>Year</th>
<th>Volume</th>
<th>Acq</th>
<th>FX</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td></td>
<td></td>
<td></td>
<td>78.3</td>
</tr>
<tr>
<td></td>
<td>2.9</td>
<td></td>
<td></td>
<td>81.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5.8</td>
<td></td>
<td>87.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>5.8</td>
<td>92.8</td>
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</table>

£m
Profit Bridge

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume</th>
<th>FX</th>
<th>Acquisitions</th>
<th>Overheads</th>
<th>Interest</th>
<th>Pension Int.</th>
<th>2008</th>
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</thead>
<tbody>
<tr>
<td>2007</td>
<td>1.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>2.6</td>
</tr>
<tr>
<td></td>
<td>1.2</td>
<td></td>
<td>0.9</td>
<td>(0.2)</td>
<td>(0.4)</td>
<td>(0.2)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
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The Business of Science®
Cash Bridge

<table>
<thead>
<tr>
<th>EBITDA</th>
<th>Disposals/Misc</th>
<th>Capex</th>
<th>R&amp;D</th>
<th>WC</th>
<th>Pensions</th>
<th>Tax/Int</th>
<th>Dividend</th>
<th>Acquisitions</th>
<th>Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.6</td>
<td>3.6</td>
<td>(1.5)</td>
<td>(3.5)</td>
<td>(2.3)</td>
<td>(1.1)</td>
<td>(1.9)</td>
<td>(1.2)</td>
<td>(3.4)</td>
<td>4.7</td>
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</table>
Half Yearly Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>H1</th>
<th>H2</th>
<th>H1</th>
<th>H2</th>
<th>H1</th>
<th>H2</th>
<th>H1</th>
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</thead>
<tbody>
<tr>
<td>2005/06</td>
<td>66.7</td>
<td></td>
<td>80.7</td>
<td></td>
<td>72.1</td>
<td></td>
<td>78.3</td>
</tr>
<tr>
<td>2006/07</td>
<td></td>
<td></td>
<td>89.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007/08</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>98.2</td>
<td></td>
</tr>
<tr>
<td>2008/09</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>92.8</td>
</tr>
</tbody>
</table>

£m

The Business of Science®
Half Yearly Adj. PBT

<table>
<thead>
<tr>
<th>Year</th>
<th>H1</th>
<th>H2</th>
<th>H1</th>
<th>H2</th>
<th>H1</th>
<th>H2</th>
<th>H1</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005/06</td>
<td>(0.3)</td>
<td>4.3</td>
<td>1.7</td>
<td>5.8</td>
<td>1.8</td>
<td>7.7</td>
<td>2.6</td>
</tr>
</tbody>
</table>

£m
FX rates

Historic achieved rates plus hedged rates for current and next year
Oxford Instruments

Sales, Orders and Orderbook

£m

<table>
<thead>
<tr>
<th>Sales</th>
<th>Orders</th>
<th>Orderbook</th>
</tr>
</thead>
<tbody>
<tr>
<td>78.3</td>
<td>83.1</td>
<td>92.8</td>
</tr>
<tr>
<td>48.6</td>
<td>58.5</td>
<td>97.5</td>
</tr>
</tbody>
</table>

H1 2007/08          H1 2008/09

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## ‘Exceptionals’

<table>
<thead>
<tr>
<th></th>
<th>Profit</th>
<th>Cash</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disposal of ODL</td>
<td>3.4</td>
<td>3.0</td>
</tr>
<tr>
<td>Write down of Investment</td>
<td>(0.5)</td>
<td></td>
</tr>
<tr>
<td>Disposal of MBE</td>
<td>(0.9)</td>
<td>0.3</td>
</tr>
<tr>
<td></td>
<td>2.0</td>
<td>3.3</td>
</tr>
</tbody>
</table>
Operational Review

Jonathan Flint
Chief Executive
Oxford Instruments

Structure

Analytical

Industrial Analysis
Instruments for elemental analysis metals identification, coating thickness measurement and X-ray sources

Nano Analysis
Microanalysis systems for electron microscopes

Plasma Technology
Process solutions to enable the fabrication of nano structures for research, development and manufacturing

Superconductivity

Nano Science
Cryogenic systems Superconducting magnets

OST
Superconducting wire and cables, MRI support

Molecular Biotools
Tools for the development of bioscience applications

Austin Scientific
Cryogenic vacuum pump systems
Industrial Analysis

- Launch of next generation, high-performance hand held analysers

- New applications
  - Photovoltaics – analysis of solar panels and fuel cells
  - Oxford Instruments X-ray detector on Chandrayaan-1, India’s space mission to survey the moon
NanoAnalysis

• Launch of X-Max – world’s first large area silicon drift detector

• Thin Film Analysis for accurate, non-destructive analysis of thin film coatings

• Key supplier of forensic systems to police forces world-wide
NanoScience

- High demand for Liquid Cryogen-free low temperature tools
- Restructuring programme to re-focus the business
  - Dedicated business streams
  - Streamlined workforce
Plasma Technology

- Photovoltaic market strong
- HBLED market continues to develop
- New orders in the RFID market – Radio Frequency Identification Devices
Molecular Biotools

- PharmaSense™
  - Understanding the behaviour of drugs in the human body

- Rock Core Analysis for oil exploration
Superconducting Technology

• Fusion, research and new medical applications for our Niobium Tin superconducting wire

• Increase in supply of MRI conductors

• ITER
Outlook

- Currently on plan
- Ready to take necessary action to maximise shareholder value
- Differentiated product portfolio
- Geographic spread
- Strong R&D pipeline
- Balance of organic and acquisitive growth
- Currency tailwind

“These factors underpin the Board’s continued confidence in delivering a full year performance that is in line with its expectations”