BURNFIELD LIMITED

Directors' report and financial statements

Year ended 31 December 2001

Registered number 1522736
Registered in England

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

Review of the business

The company continues to operate as an industrial holding company.

Results and dividends

The loss before taxation for the year was £10,000 *(2000: £2,000).*

The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors of the company throughout the year were as follows:

JW Poulter (resigned 8 May 2001)
HD Nilsson
PV Boughton
JC Webster
JG Zacharias

The directors had no beneficial interests in the share capital of the company at the year end, as it is a wholly owned subsidiary of the Spectris plc.

The interests of the directors in the shares of Spectris plc are shown in the financial statements of that company.

Auditors

The Company has passed an elective resolution pursuant to section 386 of the Companies Act 1985 to dispense with the obligation to appoint auditors annually.

By order of the Board

Roger Stephen

RJ Stephens
Secretary
7 October 2002

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG Audit Plc
Salisbury Square
London
EC4Y 8BB

Report of the independent auditors to the members of Burnfield Limited

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act, 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion
In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London
7 October 2002

Profit and loss account

for the year ended 31 December 2001

	Note	**2001**	2000
		£000	£000
Operating lease payments		**(259)**	(254)
Administrative expenses		**(5)**	(2)
Operating lease rental income		**259**	254
Other operating income		**-**	4
Operating (loss)/profit		**(5)**	2
Net interest payable and similar charges	*5*	**(5)**	(4)
Loss on ordinary activities before taxation		**(10)**	(2)
Retained loss for the year	*11*	**(10)**	(2)

The results detailed above are derived from continuing operations.

The company has no recognised gains or losses other than the results shown above.

There is no difference between profit on ordinary activities before taxation and the retained profit for the period stated above, and their historical cost equivalents.

Balance sheet
at 31 December 2001

	Note	2001 £000	2000 £000
Fixed Assets			
Investments	6	**31,225**	31,225
Current Assets			
Debtors			
Amounts falling due within one year	7	**50**	51
Amounts falling due after more than one year	7	**261**	261
		311	312
Creditors			
Amounts falling due within one year	8	**(3,675)**	(3,653)
Net current liabilities		**(3,364)**	(3,341)
Total assets less current liabilities		**27,861**	27,884
Provisions for liabilities and charges	9	**(174)**	(187)
Net assets		**27,687**	27,697
Capital and reserves			
Called up share capital	10	**3,549**	3,549
Share premium account	11	**678**	678
Other reserves	11	**24,321**	24,321
Profit and loss account	11	**(861)**	(851)
Equity shareholders' funds		**27,687**	27,697

These financial statements were approved by the board of directors on 7 October 2002 and were signed on its behalf by:

JG Zacharias
Director

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2001

	2001	2000
	£000	£000
Loss for the year after taxation	**(10)**	(2)
Opening equity shareholders' funds	**27,697**	27,699
Closing equity shareholders' funds	**27,687**	27,697

Notes to the accounts

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

Basis of preparation

The financial statements have been prepared using the historical cost convention, modified to include the revaluation of certain assets, and in accordance with applicable UK Accounting Standards.

The company has adopted FRS 17, Retirement Benefits and FRS 18, Accounting Policies in the period. Neither adoption has had a material effect upon the financial statements.

Investment in subsidiary undertakings
The company's cost of investment in subsidiary undertakings is stated at the aggregate of:

(i) the cash or loans payable as consideration;

(ii) the nominal value of the company's shares issued as consideration where Sections 131 and 133 of the Companies Act 1985 ("the merger relief provisions") apply and no share premium account arises, or the market value of the company's shares on the date they were issued as consideration, in cases where the merger relief provisions do not apply; and

(iii) the costs of acquisition.

Exemption from requirement to prepare group financial statements

The company is exempt by virtue of Section 228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Deferred taxation

Deferred taxation is provided using the liability method in respect of timing differences except where the liability is not expected to arise in the foreseeable future.

Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No 8 not to disclose related party transactions with the Spectris plc and its subsidiaries.

Cash flow statement

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Notes to the accounts *(continued)*

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

2 Directors' remuneration

No directors received any remuneration in the year (2000:NIL). No directors had, either directly or indirectly, any material interest in contracts with the company during the year.

3 Remuneration of auditor

The auditor's remuneration in respect of services provided to the company is paid by the ultimate holding company, Spectris plc.

4 Remuneration of employees

The company had no employees during the year or the previous year.

5 Net interest payable and similar charges

	2001 £000	2000 £000
Interest receivable and similar income	-	1
Interest payable:		
other loans	**(5)**	(5)
	(5)	(4)

6 Investments

	Shares in Subsidiary Undertakings £000
Cost	
At 1 January 2001	31,225
At 31 December 2001	31,225

The company's principal subsidiary undertakings at the year end are as follows:

Malvern Instruments Limited	(incorporated and operating in England and Wales)
Malvern Instruments GmbH	(incorporated and operating in Germany)
Beta LaserMike Limited	(incorporated and operating in England and Wales)
Beta Lasermike Japan KK	(incorporated and operating in Japan)
Lasermike Limited	(incorporated and operating in England and Wales)
Spectris Technologies Limited	(incorporated and operating in England and Wales)

All group undertakings are 100% owned by Burnfield Limited or through wholly owned intermediate holding companies.

Notes to the accounts *(continued)*

7 Debtors

	2001 £000	2000 £000
Amounts falling due within one year		
Prepayments and accrued income	**50**	51
Amounts falling due after more than one year		
Amounts owed by group undertakings	**261**	261
Total debtors	**311**	312

8 Creditors: Amounts falling due within one year

	2001 £000	2000 £000
Bank overdraft	**176**	74
Loan notes	**-**	82
Amounts owed to group undertakings	**3,331**	3,335
Corporation tax	**168**	162
	3,675	3,653

The loan notes, which were issued in partial consideration for the acquisition of Beta Instrument Company Limited, are unsecured and interest is charged at variable rates. They were redeemable at the note holders' request and any unredeemed notes were redeemed in 2001.

9 Provisions for liabilities and charges

	Other Provisions £000
At 1 January 2001	187
Utilised during the year	(13)
At 31 December 2001	174

Other provisions relate to surplus property costs. These provisions will be utilised over the next 9 years as the lease on the property lasts until 2010.

10 Share capital

	Authorised		**Allotted, called up and fully paid**	
	Number	**Nominal value £000**	**Number**	**Nominal value £000**
Ordinary 10p shares				
At 1 January 2001	50,000,000	5,000	35,492,715	3,549
At 31 December 2001	50,000,000	5,000	35,492,715	3,549

Notes to the accounts *(continued)*

11 Reserves

	Share premium account £000	Other reserves £000	Profit and loss account £000	Total £000
At 1 January 2001	678	24,321	(851)	24,148
Retained loss for the year	-	-	(10)	(10)
At 31 December 2001	678	24,321	(861)	24,138

Other reserves relates to Capital Redemption Reserves and are non distributable.

12 Commitments

Operating leases

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

	2001 £000	2000 £000
Land and Buildings		
Expiring:		
Within one year	-	-
Within the second to fifth years inclusive	-	-
After five years	**202**	202
	202	202

13 Contingent liabilities

With other members of the group, the company has guaranteed bank facilities made available to Spectris plc, in respect of which the following amounts were outstanding at 31 December 2001.

Royal Bank of Scotland	£ 2,591,000	(2000: £ 5,560,000)
Royal Bank of Scotland	£ 5,693,000	(2000: £ 2,220,000)

14 Ultimate parent company

The company's holding company is Spectris plc. Copies of the consolidated financial statements of Spectris plc are available from:

Spectris plc
Station Road
Egham
Surrey
TW20 9NP