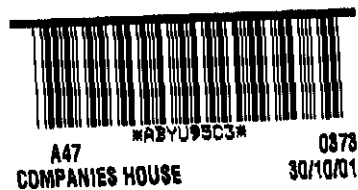


Servomex Limited

Directors' report and financial statements

31 December 2000

Registered number 1938746



Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

Principal activities

Servomex Ltd continues to operate as a holding company.

Results for the year

The loss after taxation for the year was £674,000 (1999: £3,603,000). The full results for the year are shown in the profit and loss account on page 5.

Dividends

The directors do not recommend the payment of a dividend.

Directors

The directors of the company who served during the year were as follows:

Paul Boughton
Hans Nilsson
John Poulter
Graham Zacharias

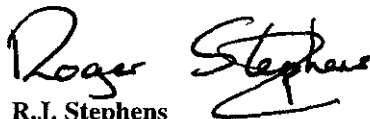
Directors' interests

The interests of Mr Boughton, Mr Nilsson, Mr Poulter and Mr Zacharias who were also directors of the holding company are shown in the accounts of the ultimate parent company, Spectris plc.

Auditors

Pursuant to section 386 of the Companies Act 1985, a resolution is to be put to the forthcoming Annual General Meeting which, if passed, would result in the company not being required to reappoint its auditors annually. KPMG Audit Plc would then continue as the company's auditors.

By order of the Board


R.J. Stephens
Secretary

23 August 2001

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 auditors to the members of Servomex Limited

We have audited the financial statements on pages 5 to 14.

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. 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.

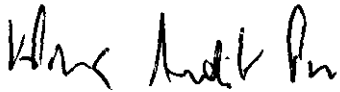
Basis of audit opinion

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 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'KPMG Audit Plc', is written above the printed name.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

23 August 2001

Profit and loss account

for the year ended 31 December 2000

	<i>Notes</i>	2000 £000	1999 £000
Administration expenses*		(199)	(3,301)
Other operating income		-	496
Operating loss	2	(199)	(2,805)
Loss on disposal of fixed asset investments	3	-	(1,116)
Net interest payable	4	(183)	(223)
Loss on ordinary activities before taxation		(382)	(4,144)
Taxation	5	(292)	541
Loss on ordinary activities for the financial year		(674)	(3,603)

The company has no recognised gains and losses other than those reported above, and therefore no separate statement of total recognised gains and losses has been presented.

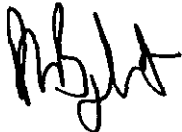
* Administration expenses in 1999 included £988,000 due to the impairment of fixed asset investments.

Balance sheet

As at 31 December 2000

	<i>Notes</i>	2000 £000	1999 £000
Fixed assets			
Tangible assets	9	1,057	1,105
Investments	10	19,882	19,882
		<hr/>	<hr/>
		20,939	20,987
Current assets			
Debtors: amounts falling due within one year	11	459	3,735
Debtors: amounts falling due after more than one year	11	1,598	-
Cash at bank and in hand		-	638
		<hr/>	<hr/>
		2,057	4,373
Creditors: amounts falling due within one year	12	(4,541)	(5,618)
		<hr/>	<hr/>
Net current liabilities		(2,484)	(1,245)
		<hr/>	<hr/>
Total assets less current liabilities		18,455	19,742
Creditors: amounts falling due after one year	13	(12,775)	(13,388)
		<hr/>	<hr/>
Net assets		5,680	6,354
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	16	517	517
Share premium account	17	2,087	2,087
Other reserves	17	2,256	2,256
Profit and loss account	17	820	1,494
		<hr/>	<hr/>
Equity shareholders' funds	18	5,680	6,354
		<hr/>	<hr/>

These financial statements were approved by the board of directors on ²³ August 2001 and were signed on its behalf by:



P.V. Boughton
Director

Notes to the financial statements

1. Accounting policies

Basis of accounting

The company prepares its annual financial statements under the historical cost convention, with the exception of certain freehold land and buildings, which are included at a valuation, and in accordance with the accounting policies set out below and applicable accounting standards.

Consolidation

Consolidated accounts have not been prepared for the company as it is a wholly owned subsidiary of Spectris plc, a parent undertaking registered in England, which has prepared consolidated accounts.

Translation of foreign currencies

Transactions in foreign currencies are translated into sterling at the approximate rates of exchange ruling at the time they took place.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates ruling at the balance sheet date. Exchange gains and losses are credited or charged to the profit and loss account.

Tangible fixed assets

With the exception of freehold land, tangible fixed assets are depreciated at rates calculated to write off the original cost or subsequent valuation, less the estimated residual value, in equal instalments over the expected useful life of the assets concerned.

Depreciation is provided at the following rates on a straight line basis:

Freehold buildings	-	2%
Plant and equipment	-	5 – 33 1/3 %
Vehicles	-	25%

Investments

Investments in subsidiaries and other investments are stated at cost, less amounts written off where there has been an impairment in value.

Deferred taxation

Provision is made under the liability method, at the expected applicable rates, for taxation deferred in respect of all material timing difference between accounting and taxation treatment, except when it is thought reasonably possible that the tax effects of such deferrals will continue for the foreseeable future.

Pension costs

In respect of the defined benefit pension plans, pension fund contributions are based on percentages of employees' wages and salaries in accordance with the recommendations of the scheme actuary. Contributions are charged to profit and loss account with variations due to a fund valuation surplus or deficiency apportioned over the average future service lives of the membership.

In the case of defined contribution plans, contributions are charged to the profit and loss account as incurred.

Notes (continued)

Leases

Finance lease rentals are capitalised at the total amount of rentals payable under the leaving agreement (excluding finance charges) and depreciated in accordance with group policy above. Finance charges are written off over the period of the lease in reducing amounts in relation to the written down carrying cost.

Operating lease rentals are written off as incurred.

Cashflow statements

The company is a wholly owned subsidiary of Spectris plc and its cash flows are included in the consolidated group cash flow statement of Spectris plc. Consequently, the company is exempt under FRS 1 (Revised) from publishing a cash flow statement.

2. Operating loss

Operating loss is stated after charging:

	2000 £000	1999 £000
Depreciation	48	817
Auditors' remuneration:		
Audit fees	1	10
Other services	-	32
Operating lease rentals:		
Motor vehicles	-	3

3. Loss on disposal of fixed asset investments

	2000 £000	1999 £000
Disposal of investment in Bicotest Limited	-	865
Disposal of investment in Bühler Montec Holdings Limited	-	251
	-	1,116

4. Net interest payable/(receivable)

	2000 £000	1999 £000
Interest payable and similar charges:		
On borrowing repayable wholly within five years:		
Bank loans and overdrafts	59	187
Other loans	124	40
	183	227
Other interest receivable and similar income:		
Interest receivable on deposits	-	(4)
	183	223

Notes (continued)

5. Tax on loss on ordinary activities

	2000 £000	1999 £000
<i>UK corporation tax</i>		
Current tax on income for the year at 30% (1999:30%)	-	(541)
Adjustments in respect of prior periods	292	-
	<u>292</u>	<u>(541)</u>

6. Staff numbers and costs

The average weekly number of employees (including executive directors) was as follows:

	Number of employees	
	2000	1999
Administration and management	5	10

The aggregate payroll costs of these persons were as follows:

	2000 £000	1999 £000
Wages and salaries	-	740
Social security costs	-	25
Other pension costs	7	5
	<u>7</u>	<u>770</u>

7. Directors' remuneration

	2000 £000	1999 £000
Emoluments	-	162
Compensation for loss of office	-	450
	<u>-</u>	<u>612</u>
Total remuneration	<u>-</u>	<u>612</u>
Highest paid director:		
Remuneration (including compensation for loss of office)	-	365

Details of directors share options are included within the Directors Report.

Notes (continued)

8. Pension costs

Servomex Limited operates a funded defined benefit plan, the Servomex Pension and Assurance Scheme. This was closed to new members in July 1999, save current employees having a contractual right to commence participation. A valuation was carried out as at 1 July 1999 using the Projected Unit Method and identical assumptions to the Fairey Group Pension Plan as disclosed in the accounts of Spectris plc.

The valuation showed assets of £11.4m (market value £14.0m) and a deficit of £0.8m. The funding level was assessed to be 93%. A Minimum Funding Requirement analysis at the same date showed the market value of liabilities to be £13.4m, giving a surplus of £0.6m on this basis. Lump sum company contributions totalling £820,000 (actuarial value £675,000) were made (of which £250,000 was paid in 2000), restoring the Scheme to 99% funding, and a company contribution rate of 9.8% of pensionable pay was established in accordance with the actuary's recommendations. Active members pay an additional 5% of pensionable pay.

In order to determine the pension costs for the current accounting period, the actuary carried out a further SSAP24 review for the Servomex Pension and Assurance Scheme. The assumptions used were identical to the actuarial valuation. As a result of the SSAP24 calculations, the company's pension cost for the accounting period was assessed to be £7,000 (1999: £24,000). There was no pension plan prepayment or provision.

9. Tangible fixed assets

	Freehold Land and Buildings £'000
<i>Cost or valuation:</i>	
At 1 January and 31 December 2000	2,255
	<hr/>
<i>Depreciation:</i>	
At 1 January 2000	1,150
Charge for the year	48
	<hr/>
At 31 December 2000	1,198
	<hr/>
<i>Net book value:</i>	
31 December 2000	1,057
	<hr/>
31 December 1999	1,105
	<hr/>

Notes (continued)

10. Investments

	2000 £000	1999 £000
Shares in group undertakings:		
At 1 January	19,882	20,870
Acquisition	-	2,824
Impairment loss provision	-	(988)
Disposal	-	(2,824)
	<hr/>	<hr/>
At 31 December	19,882	19,882
	<hr/>	<hr/>

The following are the group's principal subsidiary undertakings. They operate mainly in the countries of incorporation. All the subsidiaries are wholly owned by Servomex Limited through intermediate holding companies.

Company	Country of incorporation	Nature of business
Servomex Group Limited	England	Manufactures, sales and service
Servomex SA	France	Sales and service
Servomex GmbH	Germany	Sales and service
Servomex BV	Netherlands	Sales and service
Servomex Asia Pacific Limited	Taiwan	Sales and service
Servomex Company Inc	United States of America	Engineering, sales and service

11. Debtors

	2000 £000	1999 £000
Amounts falling due within one year:		
Amounts owed by group undertakings	78	3,473
Other debtors	-	241
Prepayments and accrued income	-	21
Corporation tax	381	-
	<hr/>	<hr/>
	459	3,735
Amounts falling due after more than one year:		
Amounts owed by group undertakings	1,598	-
	<hr/>	<hr/>
	2,057	3,735
	<hr/>	<hr/>

Notes (continued)

12. Creditors: amounts falling due within one year

	2000 £000	1999 £000
Bank loans and overdrafts	1,005	192
Trade creditors	-	5
Other creditors including taxation and social security	349	1,085
Accruals and deferred income	42	977
Amounts owed to group undertakings	3,145	3,359
	<hr/> 4,541 <hr/>	<hr/> 5,618 <hr/>

13. Creditors: amounts falling due after more than one year

	2000 £000	1999 £000
Amounts owed to group undertakings	12,775	13,388
	<hr/>	<hr/>

14. Operating leases

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

	2000 £000	1999 £000
Other:		
Within one year	-	8
	<hr/> - <hr/>	<hr/> 8 <hr/>

Notes (continued)

15. Contingent liabilities

With other members of the Group, the company has guaranteed facilities made available to Spectris plc in respect of which the following amounts were outstanding at 31 December 2000:

National Westminster Bank PLC	£5,560,000	(1999: £12,328,000)
National Westminster Bank PLC	£2,220,000	(1999: £1,543,000)

16. Share capital

	Number of Shares 000's	£'000
Authorised:		
Ordinary shares of 5p each	15,000	750
	<hr/>	<hr/>
Issued and fully paid:		
Balance at 1 January and 31 December 2000	10,339	517
	<hr/>	<hr/>

17. Share premium and reserves

	£000	£000	£000	£000
	Share Premium	Other Reserves	P&L Account	Total
1 January 2000	2,087	2,256	1,494	5,837
Retained loss for the year	-	-	(674)	(674)
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2000	2,087	2,256	820	5,163
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

18. Reconciliation of movements in equity shareholders' funds

	2000 £000	1999 £000
Loss for the financial year	(674)	(3,603)
New share capital subscribed	-	20
	<hr/>	<hr/>
Net reduction to equity shareholders' funds	(674)	(3,583)
Opening equity shareholders' funds	6,354	9,937
	<hr/>	<hr/>
Closing equity shareholders' funds	5,680	6,354
	<hr/>	<hr/>

19. Related parties

Under Financial Reporting Standard No. 8, the company is exempt from disclosure of transactions with other group undertakings on the grounds that it is a wholly owned subsidiary of Spectris plc and its results are included in the consolidated statements of that company

20. Ultimate parent company

The company's ultimate parent company is the Spectris plc, a company incorporated in Great Britain and registered in England.

Copies of the consolidated financial statements of Spectris plc are available from The Secretary, Spectris plc, Station Road, Egham, Surrey TW20 9NP.