

Company Number: 2519499

BAE SYSTEMS INFRA-RED LIMITED

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2001**



BAE SYSTEMS INFRA-RED LIMITED

REPORT OF THE DIRECTORS

The Directors present their report for the year ended 31st December 2001.

Activities

The principal activity of the Company is the management on behalf of BAE SYSTEMS Electronics Limited of that Company's business in the field of Infra-Red and consequently BAE SYSTEMS Electronics Limited receives all the income and pays all the expenditure of that business. The Company has not, therefore, traded on its own account during the year.

Directors

The Directors of the Company during the year and at the date of this report were:

D.M. Frost
C.V. Geoghegan (resigned 4th April 2002)
N.E. Franks (appointed 4th April 2002)

None of the Directors are due to retire from the Board under the provisions of the Company's Articles of Association.

None of the Directors has (or has had) any beneficial interest in the share capital of the Company, (or any subsidiary company of the BAE SYSTEMS group of companies). The Directors who held office at the end of the year had the following interests in the share capital of the Company's ultimate holding company, BAE SYSTEMS plc:

Directors	Ord. Shares of 2.5p		Share Options			
	1.1.01	31.12.01	1.1.01	Exercised	Granted	31.12.01
D.M. Frost	19,917	19,917	24,386	-	36,165	60,551
C.V. Geoghegan	113,289	131,635	125,007	4,448	115,666	236,225

Name	Restricted Share Plan Matching Shares		Conditional Awards of Shares under BAe Performance Share Plan			
	1.1.01	31.12.01	1.1.01	Exercised/ Lapsed	Granted	31.12.01
C.V. Geoghegan	-	5,700	113,259	45,387	-	67,872

Mr. D.M. Frost also held 6,196 CALS at 31st December 2001.

BY ORDER OF THE BOARD


D.S. PARKES
Secretary

BAE SYSTEMS INFRA-RED LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 2001

	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>
Amount owed by group companies (Note 3)	<u>2</u>	<u>2</u>

Financed by:

Ordinary Share Capital:

Authorised: 1000 Shares of £1 each

Issued and fully paid:

2 Ordinary Shares of £1 each	<u>2</u>	<u>2</u>
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- (a) For the year ended 31 December 2001 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985.
- (b) Members have not required the company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.
- (c) The directors acknowledge their responsibility for:
- i. ensuring the company keeps accounting records which comply with section 221; and
 - ii. preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

These accounts were approved by the Board of Directors on 9th July 2002 and were signed on its behalf by:



D.M. FROST
Director

The notes on page 4 form part of these accounts.

BAE SYSTEMS INFRA-RED LIMITED

NOTES TO THE ACCOUNTS

1. Profit and Loss Account

The Company has not traded during the accounting year, has received no income and incurred no expenditure, and consequently has made neither a profit nor a loss. A profit and loss account has therefore not been prepared.

2. Directors' Emoluments

No Director received any emoluments from the Company during the year (2000: £nil).

3. Amount Owed by Group Companies

The amount owed by group companies is in respect of a loan to BAE SYSTEMS plc. The loan bears no interest and is repayable on demand.

4. Ultimate Holding Company

The ultimate holding company is BAE SYSTEMS plc, a company incorporated in Great Britain, and registered in England and Wales. Copies of the group accounts of BAE SYSTEMS plc, the largest and smallest group in which the results of the company are consolidated, can be obtained from 6 Carlton Gardens, London, SW1Y 5AD.