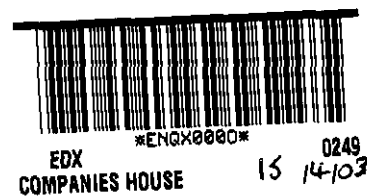


DANIEL INTERNATIONAL LIMITED

**DIRECTORS' REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS**

30 SEPTEMBER 2002

Registered Number: 3196595



22/4/03 - 542

DANIEL INTERNATIONAL LIMITED

DIRECTORS' REPORT

The directors present their report together with the audited financial statements of Daniel International Limited ("the company") and the group for the year ended 30 September 2002.

PRINCIPAL ACTIVITIES

The company principally operates as a holding and management company for its parent's European operations. The company's parent is Daniel Industries Inc, a company incorporated in the United States of America.

The principal activities of the company and its subsidiaries ("the group") are the design, manufacture and sale of data acquisition, monitoring and control systems and electronic and mechanical flow measurement equipment systems, particularly in the oil and gas sectors.

The company's principal operating subsidiary is Daniel Europe Limited, a company incorporated in the United Kingdom.

RESULTS AND DIVIDENDS

The group made a profit after taxation for the year ended 30 September 2002 of £1,315,750 (year ended 30 September 2001 a loss of £1,421,663). No dividend is proposed in respect of the period.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year were as follows:

D Bohm
L A Broomhead
G L McKenzie
W G E Vandormael

None of the directors in office during the year held any beneficial interests in the share capital of the company during the year.

DANIEL INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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 the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISABLED EMPLOYEES

The group gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately covered by a disabled person.

With regard to existing employees and those who have become disabled during the year, the group will continue to examine ways and means of providing continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

EMPLOYEE INVOLVEMENT

Regular meetings are held between local management and employees to allow a free flow of information and ideas and so that the views of employees can be taken into account in making decisions which are likely to affect their interests.

DANIEL INTERNATIONAL LIMITED

DIRECTORS' REPORT *(continued)*

CREDITOR PAYMENT POLICY

The group's policy with regard to the payment of suppliers is to:

- agree the terms of payment at the start of business with that supplier;
- ensure that the suppliers are made aware of the terms of payment; and
- pay in accordance with its contractual and legal obligations.

The group has taken, on average, 62 days to pay trade creditors (year ended 30 September 2001 – 46 days).
The company has no trade creditors as at 30 September 2002.

BY ORDER OF THE BOARD



D Bohm
DIRECTOR

28 March 2003

Registered Office:
C/o Baker & McKenzie
Solicitors
100 New Bridge Street
London
EC4V 6JA



1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Report of the independent auditors to the members of Daniel International Limited

We have audited the financial statements on pages 5 to 22.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditor's 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

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 affairs of the company and the group as at 30 September 2002 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

28 March 2003

DANIEL INTERNATIONAL LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2002**

	<u>30 September 2002</u>	<u>30 September 2001</u>
TURNOVER (Note 2)	25,993,021	17,567,432
COST OF SALES	(18,717,589)	(11,960,997)
	<hr/>	<hr/>
GROSS PROFIT	7,275,432	5,606,435
Net operating expenses (Note 2)	5,810,871	(6,239,032)
Restructuring costs (Note 3)	(217,087)	(531,257)
	<hr/>	<hr/>
OPERATING PROFIT / (LOSS)	1,247,474	(1,163,854)
<i>Income from fixed asset investments (note 9)</i>	57,890	-
Interest payable (Note 6)	(624,257)	(680,142)
Interest receivable	2,072	6,210
	<hr/>	<hr/>
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 3)	683,179	(1,837,786)
Taxation on profit / (loss) on ordinary activities (Note 7)	632,571	416,123
	<hr/>	<hr/>
PROFIT / (LOSS) FOR THE FINANCIAL YEAR	<u>1,315,750</u>	<u>(1,421,663)</u>

There are no recognised gains and losses other than the loss for the year and all operations are continuing.

The notes on pages 8 to 22 form part of these accounts.

There is no difference between the historical profit and loss and the results shown above.

DANIEL INTERNATIONAL LIMITED

CONSOLIDATED BALANCE SHEET – 30 SEPTEMBER 2002

	30 September 2002 £	30 September 2001 £
FIXED ASSETS		
Tangible assets (Note 8)	2,148,146	3,343,207
Investments (Note 9)	30,340	99,717
	<hr/>	<hr/>
	2,178,486	3,442,924
	<hr/>	<hr/>
CURRENT ASSETS		
Stocks (Note 10)	2,851,832	2,996,298
Debtors (Note 11)	17,393,397	7,946,095
Cash at bank and in hand	166,316	1,073,370
	<hr/>	<hr/>
	20,411,545	12,015,763
CREDITORS - Amounts falling due within one year (Note 12)	(25,201,263)	(14,285,672)
	<hr/>	<hr/>
NET CURRENT LIABILITIES	(4,789,718)	(2,269,909)
	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES	(2,611,232)	1,173,015
CREDITORS - Amounts falling due after more than one year (Note 13)	-	(5,099,997)
PROVISIONS FOR LIABILITIES AND CHARGES (Note 14)	-	-
	<hr/>	<hr/>
NET LIABILITIES	(2,611,232)	(3,926,982)
	<hr/>	<hr/>
CAPITAL AND RESERVES		
Called-up share capital (Note 15)	11,094,790	11,094,790
Profit and loss account		
- accumulated deficit (Note 16)	(13,706,022)	(15,021,772)
	<hr/>	<hr/>
SHAREHOLDER'S DEFICIT (Note 16)	(2,611,232)	(3,926,982)
	<hr/>	<hr/>

There are no recognised gains and losses other than the profit for the year and all operations are continuing.

The notes on pages 8 to 22 form part of the financial statements.

DANIEL INTERNATIONAL LIMITED

COMPANY BALANCE SHEET – 30 SEPTEMBER 2002

	30 September 2002 £	30 September 2001 £
FIXED ASSETS		
Tangible assets (Note 8)	3,222	5,660
Investment in subsidiary undertakings (Note 9)	11,396,172	11,396,172
	<hr/>	<hr/>
	11,399,394	11,401,832
	<hr/>	<hr/>
CURRENT ASSETS		
Debtors (Note 11)	3,086,542	2,971,593
Cash at bank and in hand	-	-
	<hr/>	<hr/>
	3,086,542	2,971,593
CREDITORS - Amounts falling due within one year (Note 12)	<hr/> (9,545,672)	<hr/> (4,370,491)
	<hr/>	<hr/>
NET CURRENT LIABILITIES	(6,459,130)	(1,398,898)
	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES	4,940,264	10,002,934
CREDITORS - Amounts falling due after more than one year (Note 13)	-	(5,100,000)
PROVISIONS FOR LIABILITIES AND CHARGES (Note 14)	-	-
	<hr/>	<hr/>
NET ASSETS	4,940,264	4,902,934
	<hr/>	<hr/>
CAPITAL AND RESERVES		
Called-up share capital (Note 15)	11,094,790	11,094,790
Profit and loss account - accumulated deficit (Note 16)	(6,154,526)	(6,191,856)
	<hr/>	<hr/>
SHAREHOLDER'S FUNDS (Note 16)	4,940,264	4,902,934
	<hr/>	<hr/>

Approved by the board of directors on 28 March 2003


D Bohm
DIRECTOR

The notes on pages 8 to 22 form part of the financial statements.

DANIEL INTERNATIONAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 30 SEPTEMBER 2002

1 ACCOUNTING POLICIES

The following accounting policies have been consistently applied in the preparation of the financial statements:

(a) Basis of accounting

The consolidated financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards. The consolidated financial statements include the financial statements of the company and its subsidiaries, each of which have co-terminous year ends.

In accordance with Section 230 (1) of the Companies Act 1985, the profit and loss account of the company is not published. The ability of the company to continue trading in the foreseeable future is largely dependent on the continued support of the parent company, Emerson Electric Co. The parent company has indicated that it intends to provide such funds as are necessary for the company to continue to trade for the foreseeable future. Accordingly, the directors consider that the financial statements should be prepared on a going concern basis.

(b) Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation. Hardware assets manufactured by the company are capitalised at material cost only with no addition for labour or overhead costs. Depreciation is provided so as to write off the cost or valuation on a straight line basis of each asset over its estimated useful life. The principal periods of depreciation are:

Buildings	40 years
Plant & Machinery	3 - 10 years
Fixtures, Fittings, Tools & Equip	3 - 10 years

(c) Fixed asset investments

Fixed asset investments, including those in subsidiaries and associated undertakings, are included in the balance sheet at cost of investment, unless the directors believe the investment has suffered a permanent diminution in value.

(d) Government grants

Government grants receivable as a contribution towards expenditure on tangible fixed assets are treated as deferred credits and released to the profit and loss account over the estimated useful life of the asset to which they relate. Grants receivable in respect of revenue items are credited to the profit and loss account in the same period as the related expenditure is incurred.

(e) Stocks

Stocks (excluding long-term contract balances) are stated at the lower of cost and net realisable value. Work in progress is stated at cost which includes direct labour and appropriate overheads relevant to the stage of production reached.

Long-term contracts are stated at cost net of amounts transferred to cost of sales, including attributable profits on a percentage completion basis, and after deducting foreseeable losses and any surplus payments on account.

DANIEL INTERNATIONAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -
30 SEPTEMBER 2002**

1 ACCOUNTING POLICIES *(continued)*

(f) Deferred taxation

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.

(g) Foreign exchange

Profits and losses on exchange, whether realised or unrealised, arising on monetary assets or liabilities denominated in foreign currencies are included in the results for the period. Monetary assets and liabilities in foreign currencies are converted to sterling at rates of exchange ruling at the balance sheet date.

(h) Research and development

Research and development expenditure is expensed when incurred other than activity which is performed as directed by other group companies, which is charged to the parent undertaking.

(i) Operating leases

The rental costs of all operating leases are charged to the profit and loss account as incurred.

(j) Pensions

The group participates in an Emerson group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group. The group 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', the group 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.

(k) Cash flow statement

In accordance with Financial Reporting Standard 1, no cash flow statement has been presented as such a statement, consistent with the requirements of the standard, is included in the publicly available consolidated financial statements of the parent company (Note 18).

(l) Related party transactions

In accordance with the exemption permitted by Financial Reporting Standard 8, Related Party Transactions, transactions with fellow group companies have not been disclosed.

DANIEL INTERNATIONAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -
30 SEPTEMBER 2002 (continued)**

2 TURNOVER AND OPERATING EXPENSES

Turnover represents amounts receivable, excluding VAT, for goods supplied and services rendered during the period together with sales value attributable to the percentage of completion of long term contracts in progress.

All turnover is regarded as one class of business. An analysis of turnover by geographical market has not been given because the directors believe that to do so may jeopardise the group's marketing strategy.

Operating expenses are analysed as follows:

	<u>30 September 2002</u>	<u>30 September 2001</u>
	£	£
Marketing and distribution	2,902,349	2,855,287
Administrative expenses	2,510,909	2,737,059
Research and development	397,613	640,213
Other operating expenses	-	6,473
	<hr/>	<hr/>
	5,752,981	6,239,032
	<hr/>	<hr/>

DANIEL INTERNATIONAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -
30 SEPTEMBER 2002 (continued)**

3 PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation is stated after charging/(crediting) the following:

	<u>30 September 2002</u>	<u>30 September 2001</u>
	£	£
Depreciation	461,582	601,348
Fixed asset impairment charge	-	496,984
Exceptional restructuring costs	217,087	531,257
(Gain)/loss on sale of fixed assets	47,687	(60,000)
(Gain)/loss on foreign exchange	17,444	(41,189)
Research and development	397,613	640,213
Deferred government grants released	-	(117,915)
Auditors' remuneration - audit services – Group	47,300	45,000
Auditors' remuneration - audit services – Company	2,500	2,500
Operating lease rentals - hire of plant and machinery	-	-
- other operating leases	402,507	52,483
	<u> </u>	<u> </u>

During the year, restructuring costs of £217,087 were incurred. These costs related to the relocation of the operations function to a new facility in Dumyat, Scotland

4 DIRECTORS' REMUNERATION

	<u>30 September 2002</u>	<u>30 September 2001</u>
	£	£
Aggregate emoluments	206,810	180,710
	<u> </u>	<u> </u>
Highest paid director (total emoluments)	106,353	111,507
	<u> </u>	<u> </u>

DANIEL INTERNATIONAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -
30 SEPTEMBER 2002 (continued)**

5 EMPLOYEE COSTS

	<u>30 September 2002</u>	<u>30 September 2001</u>
	£	£
Wages and salaries	3,983,563	4,211,020
Social security costs	317,133	337,904
Pension costs	343,623	421,113
	<hr/>	<hr/>
	4,644,319	4,970,037
	<hr/>	<hr/>

The average number of persons employed by the group during the year was as follows:

	<u>30 September 2002</u>	<u>30 September 2001</u>
	Number	Number
Manufacturing, design and development	106	128
Sales and administration	31	38
	<hr/>	<hr/>
	137	166
	<hr/>	<hr/>

6 INTEREST PAYABLE

	<u>30 September 2002</u>	<u>30 September 2001</u>
	£	£
Bank overdrafts and loans	398,424	167,340
Amounts owed to group undertakings	225,833	512,802
	<hr/>	<hr/>
	624,257	680,142
	<hr/>	<hr/>

DANIEL INTERNATIONAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -
30 SEPTEMBER 2002***(continued)*

7 TAXATION ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

The tax credit consists of the following:

	<u>30 September 2002</u>	<u>30 September 2001</u>
	£	£
UK corporation tax at 30%	(6,344)	-
Group relief receivable	-	416,123
Foreign tax	(47,821)	-
Adjustments in respect of prior periods	(242,589)	-
	<hr/>	<hr/>
Total current tax	(296,754)	416,123
Deferred Tax (Note 14)	929,325	-
	<hr/>	<hr/>
	632,571	416,123
	<hr/>	<hr/>

Reconciliation of current tax charge:

Profit/(loss) on ordinary activities before tax	683,179	(1,837,786)
	<hr/>	<hr/>
Profit/(loss) on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK	(204,954)	551,336
Expenses not deductible for tax purposes	70,780	(313,296)
Accelerated capital allowances and other timing difference	127,830	178,083
Excess foreign taxes suffered	(47,821)	-
Adjustments in respect of prior periods	(242,589)	-
	<hr/>	<hr/>
Current tax charge/credit	(296,754)	416,123
	<hr/>	<hr/>

DANIEL INTERNATIONAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -
30 SEPTEMBER 2002(continued)**

8 TANGIBLE FIXED ASSETS

Group	Land and buildings £	Plant and machinery £	Fixtures, fittings tools and equipment £	Total £
Cost				
1 October 2001	3,114,372	1,741,857	4,524,114	9,380,343
Additions	-	1,400	441,152	442,552
Disposals	(1,169,068)	(1,229,187)	(3,279,311)	(5,677,566)
	<hr/>	<hr/>	<hr/>	<hr/>
30 September 2002	1,945,304	514,070	1,685,955	4,145,329
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
1 October 2001	1,126,293	1,361,914	3,548,929	6,037,136
Charge for the year	107,022	103,915	250,645	461,582
Disposals	(239,251)	(1,081,561)	(3,180,723)	(4,501,535)
	<hr/>	<hr/>	<hr/>	<hr/>
30 September 2002	994,064	384,268	618,851	1,997,183
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Amount				
30 September 2002	951,240	129,802	1,067,104	2,148,146
	<hr/>	<hr/>	<hr/>	<hr/>
30 September 2001	1,988,079	379,943	975,185	3,343,207
	<hr/>	<hr/>	<hr/>	<hr/>

DANIEL INTERNATIONAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -
30 SEPTEMBER 2002 (continued)**

8 TANGIBLE FIXED ASSETS (continued)

Land and buildings at cost represents:

	<u>30 September 2002</u>	<u>30 September 2001</u>
	£	£
Freehold	1,945,304	3,096,651
Short leasehold	-	17,721
	<u>1,945,304</u>	<u>3,114,372</u>

Company

	Plant and machinery	Total
	£	£
Cost		
1 October 2001 and 30 September 2002	23,602	23,602
	<u> </u>	<u> </u>
Depreciation		
1 October 2001	17,942	17,942
Charge for the year	2,438	2,438
	<u> </u>	<u> </u>
30 September 2002	20,380	20,380
	<u> </u>	<u> </u>
Net Book Amount		
30 September 2002	3,222	3,222
	<u> </u>	<u> </u>
30 September 2001	5,660	5,660
	<u> </u>	<u> </u>

DANIEL INTERNATIONAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 30 SEPTEMBER 2002 (continued)

8 TANGIBLE FIXED ASSETS (continued)

Operating lease obligations

The group has annual obligations payable under operating leases expiring:

	<u>Land and buildings</u>		<u>Other</u>	
	30 September 2002	30 September 2001	30 September 2002	30 September 2001
	£	£	£	£
Within one year	61,370	41,370	7,096	20,155
Between one and five years	-	20,000	70,166	21,986
After more than five years	324,905	255,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	386,275	316,370	77,262	42,141
	<hr/>	<hr/>	<hr/>	<hr/>

9 INVESTMENTS

Group

	<u>30 September 2002</u>	<u>30 September 2001</u>
	£	£
Investments	30,340	99,717
	<hr/>	<hr/>

Investments comprise:

Daniel Measurement & Control (India) Pvt Limited (formerly Advanced Spectra-Tek Private Limited) - a company incorporated in India in which Spectra-Tek UK Limited, a subsidiary undertaking, holds 40% of the issued share capital at a cost of £30,340. The company is located and managed in India and the directors are of the belief that the Daniel International Limited group does not exercise significant influence over the operating and financial policies of the entity.

DANIEL INTERNATIONAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -
30 SEPTEMBER 2002 *(continued)***

9 INVESTMENTS *(continued)*

Spectra-Tek Asia Pacific Private Limited, a company incorporated in Singapore which is wholly owned by Spectra-Tek International Limited.

On 26 June 2000, Spectra-Tek Asia Pacific Private Limited was placed into member's voluntary liquidation. The winding up of the company was completed on 8 March 2002 and a final distribution £127,267 was paid to Spectra-Tek International Limited.

The investment in Spectra-Tek Asia Pacific Private Limited was carried in the group accounts at its net asset value (as at 26 June 2000) of £69,377. The amount of the final distribution in excess of this amount (ie, £57,890) is shown in the profit and loss account as income from fixed asset investments.

Company

Investment in subsidiary undertakings

At 30 September 2002, the company holds 100% of the ordinary share capital in Daniel Europe Limited and Spectra-Tek International Limited. These investments are included in the balance sheet at cost less provision for impairment of value.

The principal subsidiaries of Daniel Europe Limited, each of which are wholly owned, comprise:

Spectra-Tek UK Limited
Spectra-Tek Holdings Limited

The principal subsidiaries of Spectra-Tek International Limited, each of which are wholly owned, comprise:

Greenfield UK Limited
Spectra-Tek Asia Pacific Private Limited (incorporated in Singapore)

The group and company's investments comprise undertakings whose principal nature of business is the design, manufacture and sale of electronic and mechanical flow measurement equipment systems. Greenfield UK Limited owns a building in Potsdam, Germany, which is leased to third parties.

DANIEL INTERNATIONAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -
30 SEPTEMBER 2002 (continued)**

10 STOCKS

	30 September 2002	30 September 2001
	Group	Group
	£	£
Raw materials	1,859,799	1,562,553
Work in progress	992,033	902,341
Finished Goods	-	531,404
	<hr/>	<hr/>
	2,851,832	2,996,298
	<hr/>	<hr/>

11 DEBTORS

	30 September 2002		30 September 2001	
	Group	Company	Group	Company
	£	£	£	£
Trade debtors	5,388,542	871	3,994,787	871
Amounts recoverable on contracts	7,508,051	-	1,117,491	-
Amounts owed by group undertakings	2,378,817	2,966,176	1,975,153	2,520,596
Group relief receivable	443,146	-	-	443,146
Deferred Tax (note 14)	929,325	112,510	-	-
Corporation tax recoverable	-	-	139,393	-
Other debtors	77,464	4,528	358,818	4,528
Prepayments and deferred income	329,401	2,457	182,408	2,457
VAT recoverable	338,651	-	178,045	-
	<hr/>	<hr/>	<hr/>	<hr/>
	17,393,397	3,086,542	7,946,095	2,971,593
	<hr/>	<hr/>	<hr/>	<hr/>

Amounts recoverable on contracts include an amount of £3,265,523 in respect of one major contract. In accordance with the terms of the contract no amounts are invoiceable until completion, which is currently anticipated for September 2003 and payment is expected October 2003. Whilst the directors recognise these characteristics increase the potential risk associated with recovery of contract balances, they are satisfied that appropriate steps are being taken to secure recovery. Accordingly, the value of work done to date is reflected in full in these accounts in accordance with the accounting policy on turnover and profit recognition.

DANIEL INTERNATIONAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -
30 SEPTEMBER 2002 (continued)**

12 CREDITORS - Amounts falling due within one year

	30 September 2002		30 September 2001	
	Group	Company	Group	Company
	£	£	£	£
Bank overdrafts	10,374,600	-	3,066,304	-
Payments on account	1,461,120	-	987,026	-
Trade creditors	2,794,602	-	1,367,926	-
Amounts owed to group undertakings	7,833,700	9,539,247	7,189,729	4,364,067
Corporation tax	136,563	-	27,023	-
Accruals and deferred income	2,531,938	964	1,642,203	963
VAT payable	68,740	5,461	5,461	5,461
	<u>25,201,263</u>	<u>9,545,672</u>	<u>14,285,672</u>	<u>4,370,491</u>

Bank overdrafts are repayable on demand and are secured over certain of the group's assets.

Amounts owed to group undertakings are unsecured, repayable on demand and certain of these advances bear interest at commercial rates.

13 CREDITORS - Amounts falling due after more than one year

	30 September		30 September	
	Group	Company	Group	Company
	2002	2002	2001	2001
	£	£	£	£
Amounts owed to group undertakings	-	-	5,099,997	5,100,000
	<u>-</u>	<u>-</u>	<u>5,099,997</u>	<u>5,100,000</u>

DANIEL INTERNATIONAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -
30 SEPTEMBER 2002 (continued)**

14 PROVISION FOR LIABILITIES AND CHARGES

Deferred tax

	30 September 2002		30 September 2001	
	Provided £	Unprovided £	Provided £	Unprovided £
Deferred tax assets/(liability)				
Group				
Accelerated capital allowances	227,712	-	-	69,319
Short term timing differences	163,442	-	-	179,843
Other timing differences – tax losses	538,171	-	-	743,259
	<u>929,325</u>	<u>-</u>	<u>-</u>	<u>992,421</u>
Company				
Accelerated capital allowances	1,935	-	-	2,171
Other timing differences – tax losses	110,575	-	-	110,575
	<u>112,510</u>	<u>-</u>	<u>-</u>	<u>112,746</u>

The deferred tax asset is recognised within Debtors (Note 11)

Group

	£
1 October 2001	-
Movement in year (note 11)	929,325
	<u>929,325</u>
30 September 2002	<u>929,325</u>

Company

	£
1 October 2001	-
Movement in year (note 11)	112,510
	<u>112,510</u>
30 September 2002	<u>112,510</u>

DANIEL INTERNATIONAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -
30 SEPTEMBER 2002 (continued)**

15 CALLED UP SHARE CAPITAL

	<u>30 September 2002</u>	<u>30 September 2001</u>
	£	£
Authorised:		
15,000,000 ordinary shares of £1 each	<u>15,000,000</u>	<u>15,000,000</u>
Allotted, issued and fully paid:		
11,094,790 ordinary shares of £1 each	<u>11,094,790</u>	<u>11,094,790</u>

16 SHAREHOLDER'S FUNDS

GROUP	Share capital £	Profit & loss account £	Total shareholder's funds £
30 September 2001	11,094,790	(15,021,772)	(3,926,982)
Profit for the year	-	1,315,750	1,315,750
30 September 2002	<u>11,094,790</u>	<u>(13,706,022)</u>	<u>(2,611,232)</u>
COMPANY	Share capital £	Profit & loss account £	Total shareholder's funds £
30 September 2001	11,094,790	(6,191,856)	4,902,934
Profit for the year	-	37,330	37,330
30 September 2002	<u>11,094,790</u>	<u>(6,154,526)</u>	<u>4,940,264</u>

DANIEL INTERNATIONAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 30 SEPTEMBER 2002 *(continued)*

17 CONTINGENT LIABILITIES

Outstanding guarantees, bonds and indemnities have been granted by the company's bankers totalling £3,445,810 at 30 September 2002 (30 September 2001 - £2,823,683).

18 PARENT COMPANIES

The ultimate parent is Emerson Electric Co. which is incorporated in the United States of America. A copy of the consolidated financial statements can be obtained from 8000 W. Florissant Ave. P.O. Box 4100, St Louis, MO63136.

The parent company is Daniel Industries Inc which is incorporated in the United States of America. A copy of the consolidated financial statements can be obtained from 9753 Pine Lake Drive, Houston, TX77055.

19 RELATED PARTY TRANSACTIONS

The group trades with Daniel Measurement & Control (India) Pvt Limited, an Indian associated undertaking of a subsidiary company. Sales for the year ended 30 September 2002 were £70,202 (Year ended 30 September 2001 - £214,982) in respect of the supply of flow measurement equipment. The balance receivable at 30 September 2002 was £19,575 (30 September 2001 - £42,631).