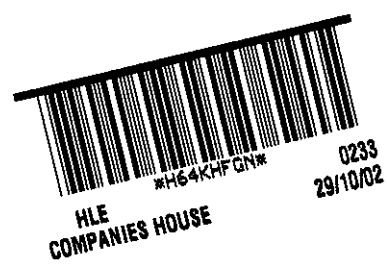


DANIEL INTERNATIONAL LIMITED

**DIRECTORS' REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS**

30 SEPTEMBER 2001

Registered Number: 3196595



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 2001.

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 loss after taxation for the year ended 30 September 2001 of £1,421,663 (9 months ended 30 September 2000 a loss of £3,565,604). 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	
P Shuter	(resigned 1 August 2001)
P Trolin	(resigned 1 August 2001)
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, 46 days to pay trade creditors (9 months ended 30 September 2000 – 63 days). The company has no trade creditors as at 30 September 2001.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'D Bohm', written over a horizontal line.

D Bohm
DIRECTOR

9 October 2002

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 24.

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 2001 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
Chartered Accountants
Registered Auditor

9 October 2002

DANIEL INTERNATIONAL LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2001**

	<u>Year ended 30 September 2001</u>	<u>9 months ended 30 September 2000</u>
TURNOVER (Note 2)	17,567,432	11,069,095
COST OF SALES	(11,960,997)	(8,702,709)
	<hr/>	<hr/>
GROSS PROFIT	5,606,435	2,366,386
Net operating expenses (Note 2)	(6,239,032)	(5,475,689)
Restructuring costs (Note 3)	(531,257)	-
	<hr/>	<hr/>
OPERATING LOSS	(1,163,854)	(3,109,303)
	<hr/>	<hr/>
Interest payable (Note 6)	(680,142)	(418,658)
Interest receivable	6,210	76,457
	<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 3)	(1,837,786)	(3,451,504)
Taxation (Note 7)	416,123	(114,100)
	<hr/>	<hr/>
LOSS FOR THE FINANCIAL YEAR	(1,421,663)	(3,565,604)
	<hr/>	<hr/>

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

The notes on pages 9 to 24 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 2001

	30 September 2001 £	30 September 2000 £
FIXED ASSETS		
Tangible assets (Note 8)	3,343,207	4,255,493
Investments (Note 9)	99,717	99,717
	<hr/>	<hr/>
	3,442,924	4,355,210
	<hr/>	<hr/>
CURRENT ASSETS		
Stocks (Note 10)	2,996,298	2,000,917
Debtors (Note 11)	7,946,095	8,708,633
Cash at bank and in hand	1,073,370	287,129
	<hr/>	<hr/>
	12,015,763	10,996,679
	<hr/>	<hr/>
CREDITORS - Amounts falling due within one year (Note 12)	(14,285,672)	(12,639,296)
	<hr/>	<hr/>
NET CURRENT LIABILITIES	(2,269,909)	(1,642,617)
	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES	1,173,015	2,712,593
	<hr/>	<hr/>
CREDITORS - Amounts falling due after more than one year (Note 13)	(5,099,997)	(5,099,997)
	<hr/>	<hr/>
PROVISIONS FOR LIABILITIES AND CHARGES (Note 14)	-	(117,915)
	<hr/>	<hr/>
NET LIABILITIES	(3,926,982)	(2,505,319)
	<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)	(15,021,772)	(13,600,109)
	<hr/>	<hr/>
SHAREHOLDER'S DEFICIT (Note 16)	(3,926,982)	(2,505,319)
	<hr/>	<hr/>

The notes on pages 9 to 24 form part of the financial statements.

DANIEL INTERNATIONAL LIMITED

STATEMENT OF RECOGNISED GAINS AND LOSSES – 30 SEPTEMBER 2001

	<u>30 September 2001</u>	<u>30 September 2000</u>
Loss for the financial year	(1,421,663)	(3,565,604)
Currency translation differences in foreign currency net investments	-	2,769
	<hr/>	<hr/>
Recognised losses relating to the financial year	<u>(1,421,663)</u>	<u>(3,562,835)</u>

DANIEL INTERNATIONAL LIMITED

COMPANY BALANCE SHEET – 30 SEPTEMBER 2001

	30 September 2001 £	30 September 2000 £
FIXED ASSETS		
Tangible assets (Note 8)	5,660	8,870
Investment in subsidiary undertakings (Note 9)	11,396,172	11,396,172
	<hr/>	<hr/>
	11,401,832	11,405,042
	<hr/>	<hr/>
CURRENT ASSETS		
Debtors (Note 11)	2,971,593	3,047,439
Cash at bank and in hand	-	(78,855)
	<hr/>	<hr/>
	2,971,593	2,968,584
CREDITORS - Amounts falling due within one year (Note 12)	<hr/> (4,370,491) <hr/>	<hr/> (4,025,422) <hr/>
NET CURRENT LIABILITIES	<hr/> (1,398,898) <hr/>	<hr/> (1,056,838) <hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES	10,002,934	10,348,204
CREDITORS - Amounts falling due after more than one year (Note 13)	<hr/> (5,100,000) <hr/>	<hr/> (5,100,000) <hr/>
NET ASSETS	<hr/> 4,902,934 <hr/>	<hr/> 5,248,204 <hr/>
CAPITAL AND RESERVES		
Called-up share capital (Note 15)	11,094,790	11,094,790
Profit and loss account - accumulated deficit (Note 16)	<hr/> (6,191,856) <hr/>	<hr/> (5,846,586) <hr/>
SHAREHOLDER'S FUNDS (Note 16)	<hr/> 4,902,934 <hr/>	<hr/> 5,248,204 <hr/>

Approved by the board of directors on 9 October 2002



D Bohm
DIRECTOR

The notes on pages 9 to 24 form part of the financial statements.

DANIEL INTERNATIONAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 30 SEPTEMBER 2001

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
Other fixed assets	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), and after deducting foreseeable losses and any surplus payments on account.

DANIEL INTERNATIONAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -
30 SEPTEMBER 2001**

1 ACCOUNTING POLICIES *(continued)*

(f) Deferred taxation

Provision is made for deferred taxation on all material timing differences under the liability method where, after allowing for taxation losses carried forward, there is a reasonable probability that a taxation liability will arise in the foreseeable future.

(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.

In the group balance sheet, assets and liabilities of overseas subsidiaries are translated at period end rates of exchange and any gain or loss arising is carried directly to reserves.

(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 expected cost of pensions, in respect of those employees who participate within a defined benefit scheme, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost of pensions over the period benefiting from the employees' services. In subsidiaries where defined contribution schemes are in place, the cost is charged to the profit and loss account as incurred.

(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 19).

(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 2001 (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:

	Year ended 30 September 2001	9months ended 30 September 2000
	£	£
Marketing and distribution	2,855,287	1,921,488
Administrative expenses	2,737,059	2,974,564
Research and development	640,213	575,005
Other operating expense	6,473	4,632
	<hr/>	<hr/>
	6,239,032	5,475,689
	<hr/>	<hr/>

DANIEL INTERNATIONAL LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -
30 SEPTEMBER 2001 (continued)****3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

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

	Year ended 30 September 2001 £	9 months ended 30 September 2000 £
Depreciation	601,348	581,791
Fixed asset impairment charge)	496,984	-
Exceptional restructuring costs	531,257	-
(Gain)/loss on sale of fixed assets	(60,000)	4,632
(Gain)/loss on foreign exchange	(41,189)	159,129
Research and development	640,213	575,005
Deferred government grants released	(117,915)	(7,490)
Auditors' remuneration - audit services – Group	45,000	61,687
Auditors' remuneration - audit services – Company	2,500	2,500
Operating lease rentals - hire of plant and machinery	-	10,440
- other operating leases	52,483	49,473
	<hr/>	<hr/>

During the year, restructuring costs of £531,257 were incurred. These costs related to relocation and redundancy costs following a consolidation of the flow system operating in Sterling.

4 DIRECTORS' REMUNERATION

None of the directors in office during the year received remuneration for services provided to the company during the period.

DANIEL INTERNATIONAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -
30 SEPTEMBER 2001 (continued)**

5 EMPLOYEE COSTS

	Year ended 30 September 2001 £	9 months ended 30 September 2000 £
Wages and salaries	4,211,020	4,020,360
Social security costs	337,904	318,254
Pension costs	421,113	344,293
	<hr/>	<hr/>
	4,970,037	4,682,907
	<hr/>	<hr/>

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

	Year ended 30 September 2001 Number	9 months ended 30 September 2000 Number
Manufacturing, design and development	128	162
Sales and administration	38	76
	<hr/>	<hr/>
	166	238
	<hr/>	<hr/>

6 INTEREST PAYABLE

	Year ended 30 September 2001 £	9 months ended 30 September 2000 £
Bank overdrafts and loans	167,340	34,056
Amounts owed to group undertakings	512,802	384,602
	<hr/>	<hr/>
	680,142	418,658
	<hr/>	<hr/>

DANIEL INTERNATIONAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -
30 SEPTEMBER 2001 *(continued)***

7 TAXATION

The tax charge consists of the following:

	Year ended <u>30 September 2001</u> £	9 months ended <u>30 September 2000</u> £
Group relief surrendered	416,123	-
Overseas taxation	-	114,100
	<hr/>	<hr/>
	416,123	114,100
	<hr/>	<hr/>

No consideration was received for group relief surrendered outside of the Daniel International Group in 2000.

DANIEL INTERNATIONAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -
30 SEPTEMBER 2001 (continued)**

8 TANGIBLE FIXED ASSETS

Group	Land and buildings £	Plant and machinery £	Fixtures, fittings tools and equipment £	Total £
Cost				
1 October 2000	5,609,987	1,775,128	3,880,765	11,265,880
Additions	-	35,774	694,249	730,023
Disposals	(2,495,615)	(69,045)	(50,900)	(2,615,560)
	<hr/>	<hr/>	<hr/>	<hr/>
30 September 2001	3,114,372	1,741,857	4,524,114	9,380,343
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
1 October 2000	2,447,590	1,228,584	3,334,213	7,010,387
Charge for the year	151,845	197,802	251,701	601,348
Impairment charge	496,984	-	-	496,984
Disposals	(1,970,126)	(64,472)	(36,985)	(2,071,583)
	<hr/>	<hr/>	<hr/>	<hr/>
30 September 2001	1,126,293	1,361,914	3,548,929	6,037,136
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Amount				
30 September 2001	1,988,079	379,943	975,185	3,343,207
	<hr/>	<hr/>	<hr/>	<hr/>
30 September 2000	3,162,397	546,544	546,552	4,255,493
	<hr/>	<hr/>	<hr/>	<hr/>

An independent professional valuation of the property in Potsdam was undertaken in February 2002. The valuation was performed by Dr Lubke Immobilien GmbH and was undertaken on an open market value basis. As a result of this valuation, an impairment charge of £496,984 has been recognised in accordance with Financial Reporting Standard Number 11. The independently assessed recoverable amount of the property is Euro 1,640,000 (£1,052,700) compared to its depreciated historical cost of £1,549,684.

DANIEL INTERNATIONAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -
30 SEPTEMBER 2001 (continued)**

8 TANGIBLE FIXED ASSETS (continued)

Land and buildings at cost represents:

	<u>30 September 2001</u>	<u>30 September 2000</u>
	£	£
Freehold	3,096,651	5,592,266
Short leasehold	17,721	17,721
	<u>3,114,372</u>	<u>5,609,987</u>

Company

	<u>Plant and machinery</u>	<u>Total</u>
	£	£
Cost		
1 October 2000 and 30 September 2001	<u>23,602</u>	<u>23,602</u>
Depreciation		
1 October 2000	14,732	14,732
Charge for the year	<u>3,210</u>	<u>3,210</u>
30 September 2001	<u>17,942</u>	<u>17,942</u>
Net Book Amount		
30 September 2001	<u>5,660</u>	<u>5,660</u>
30 September 2000	<u>8,870</u>	<u>8,870</u>

DANIEL INTERNATIONAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -
30 SEPTEMBER 2001 (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 2001	30 September 2000	30 September 2001	30 September 2000
	£	£	£	£
Within one year	41,370	7,405	20,155	29,364
Between one and five years	20,000	43,010	21,986	10,074
After more than five years	255,000	129,200	-	-
	<u>316,370</u>	<u>179,615</u>	<u>42,141</u>	<u>39,438</u>

9 INVESTMENTS

Group

	<u>30 September 2001</u>	<u>30 September 2000</u>
	£	£
Investments	<u>99,717</u>	<u>99,717</u>

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. 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 2001 *(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 members voluntary liquidation. The directors anticipate that this will represent a solvent liquidation. At 26 June 2000 the net asset value amounted to £69,377

The group is felt to no longer control these subsidiaries and they have been excluded from consolidation and carried as fixed asset investments above.

Company

Investment in subsidiary undertakings

At 30 September 2001, 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 2001 (continued)**

10 STOCKS

	30 September 2001	30 September 2000
	<u>Group</u>	<u>Group</u>
	£	£
Raw materials	1,562,553	1,186,049
Work in progress	902,341	814,868
Finished Goods	531,404	-
	<hr/>	<hr/>
	2,996,298	2,000,917
	<hr/>	<hr/>

11 DEBTORS

	30 September 2001		30 September 2000	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	£	£	£	£
Trade debtors	3,994,787	871	5,115,154	724
Amounts recoverable on contracts	1,117,491	-	1,897,744	-
Amounts owed by group undertakings	1,975,153	2,963,737	1,203,281	3,039,376
Corporation tax recoverable	139,393	-	139,393	-
Other debtors	358,818	4,528	136,309	4,882
Prepayments and deferred income	182,408	2,457	158,316	2,457
VAT recoverable	178,045	-	58,436	-
	<hr/>	<hr/>	<hr/>	<hr/>
	7,946,095	2,971,593	8,708,633	3,047,439
	<hr/>	<hr/>	<hr/>	<hr/>

DANIEL INTERNATIONAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -
30 SEPTEMBER 2001 (continued)**

12 CREDITORS - Amounts falling due within one year

	30 September 2001		30 September 2000	
	Group	Company	Group	Company
	£	£	£	£
Bank overdrafts	3,066,304	-	2,160,394	-
Payments on account	987,026	-	1,406,305	-
Trade creditors	1,367,926	-	1,431,385	-
Amounts owed to group undertakings	7,189,729	4,364,067	5,915,692	4,018,797
Other creditors including taxation and social security	27,023	-	-	-
Accruals and deferred income	1,642,203	963	1,725,520	1,164
VAT payable	5,461	5,461	-	5,461
	<u>14,285,672</u>	<u>4,370,491</u>	<u>12,639,296</u>	<u>4,025,422</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
	2001	2001	2000	2000
	£	£	£	£
Amounts owed to group undertakings	5,099,997	5,100,000	5,099,997	5,100,000
	<u>5,099,997</u>	<u>5,100,000</u>	<u>5,099,997</u>	<u>5,100,000</u>

DANIEL INTERNATIONAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -
30 SEPTEMBER 2001 (continued)**

14 PROVISION FOR LIABILITIES AND CHARGES

a) Government grants

	<u>30 September 2001</u>	<u>30 September 2000</u>
	Group	Group
	£	£
Deferred government grants	-	117,915
	<hr/>	<hr/>
	-	117,915
	<hr/>	<hr/>
		£
Deferred government grants		
1 October 2000		117,915
Released to profit and loss account		(117,915)
		<hr/>
30 September 2001		-
		<hr/>

The government grant related to the factory premises at Larbert. This site was sold during the year. Accordingly, the remaining balance of the grant, which was being released over the life of the related asset, has been released.

DANIEL INTERNATIONAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -
30 SEPTEMBER 2001 (continued)**

14 PROVISION FOR LIABILITIES AND CHARGES (continued)

b) Deferred tax

	30 September 2001		30 September 2001	
	Provided £	Unprovided £	Provided £	Unprovided £
Deferred tax assets/(liability)				
Group				
Accelerated capital allowances	-	69,319	-	158,731
Short term timing differences	-	923,102	-	1,012,478
	<hr/>	<hr/>	<hr/>	<hr/>
	-	992,421	-	1,171,209
	<hr/>	<hr/>	<hr/>	<hr/>
Company				
Accelerated capital allowances	-	2,171	-	2,498
Short term timing differences	-	110,575	-	110,575
	<hr/>	<hr/>	<hr/>	<hr/>
	-	112,746	-	113,073
	<hr/>	<hr/>	<hr/>	<hr/>

15 CALLED UP SHARE CAPITAL

	30 September 2001	30 September 2000
	£	£
Authorised:		
15,000,000 ordinary shares of £1 each	15,000,000	15,000,000
	<hr/>	<hr/>
Allotted, issued and fully paid:		
11,094,790 ordinary shares of £1 each	11,094,790	11,094,790
	<hr/>	<hr/>

DANIEL INTERNATIONAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 30 SEPTEMBER 2001 (continued)

16 SHAREHOLDER'S FUNDS

GROUP	Share capital £	Profit & loss account £	Total shareholder's funds £
30 September 2000	11,094,790	(13,600,109)	(2,505,319)
Loss for the year	-	(1,421,663)	(1,421,663)
30 September 2001	11,094,790	(15,021,772)	(3,926,982)
COMPANY	Share capital £	Profit & loss account £	Total shareholder's funds £
30 September 2000	11,094,790	(5,846,586)	5,248,204
Loss for the year	-	(345,270)	(345,270)
30 September 2001	11,094,790	(6,191,856)	4,902,934

17 PENSION COMMITMENTS

Following the acquisition of the company by Emerson Electric Co, the Daniel Europe pension scheme has been merged with the Emerson Electric UK Pension Plan. This scheme provides benefits based on final pensionable pay. Because the company is unable to identify its share of the schemes assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits' the scheme will be accounted for by the company when the accounting standard is fully adopted by the company as if the scheme was a defined contribution scheme. At 30 September 2001 the scheme had a surplus of £11.85 million.

The latest full actuarial valuation was carried out at 1 April 1999 and was updated for FRS 17 purposes to 30 September 2001 by a qualified independent actuary.

DANIEL INTERNATIONAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -
30 SEPTEMBER 2001 *(continued)***

18 CONTINGENT LIABILITIES

Outstanding guarantees, bonds and indemnities have been granted by the company's bankers totalling £2,823,683 at 30 September 2001 (30 September 2000 - £3,358,697).

19 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.